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JOHN F. KENNEDY CENTER ACT AMENDMENTS ACT OF 1994 (H.R. 3567)

(103-56)

Y 4. P 96/11:103-56

John F. Kennedy Center Act Amendmen...

HEARING BEFORE THE SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS OF THE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION HOUSE OF REPRESENTATIVES ONE HUNDRED THIRD CONGRESS SECOND SESSION

MARCH 2, 1994

Printed for the use of the
Committee on Public Works and Transportation



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1994

83-011

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402

ISBN 0-16-045989-3

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(III)

103D CONGRESS
1ST SESSION

H. R. 3567

To amend the John F. Kennedy Center Act to transfer operating responsibilities to the Board of Trustees of the John F. Kennedy Center for the Performing Arts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 19, 1993

Mr. MINETA (for himself, Mr. McDADE, Mr. WILSON, Mr. VENTO, Mr. TRAFICANT, Mr. DUNCAN, and Ms. NORTON) (all by request) introduced the following bill; which was referred to the Committee on Public Works and Transportation

A BILL

To amend the John F. Kennedy Center Act to transfer operating responsibilities to the Board of Trustees of the John F. Kennedy Center for the Performing Arts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “John F. Kennedy Cen-
5 ter Act Amendments of 1993”.

(V)

1 SEC. 2. BUREAU, BOARD OF TRUSTEES, AND ADVISORY
2 COMMITTEE.

3 Seetion 2 of the John F. Kennedy Center Act (here-
4 after referred to as the "Act") (20 U.S.C. 76h) is
5 amended—

6 (1) by redesignating subsections (a), (b), and
7 (c) as subsections (b), (c), and (d);

8 (2) by inserting before subsection (b) (as redes-
9 ignated in paragraph (1)) the following new sub-
10 sections:

11 "(a) The Congress finds that—

12 "(1) the late John Fitzgerald Kennedy served
13 with distinction as President of the United States,
14 and as a Member of the Senate and the House of
15 Representatives;

16 "(2) by the untimely death of John Fitzgerald
17 Kennedy this Nation and the world have suffered a
18 great loss;

19 "(3) the late John Fitzgerald Kennedy was par-
20 ticularly devoted to education and cultural under-
21 standing and the advancement of the performing
22 arts;

23 "(4) it is fitting and proper that a living insti-
24 tution of the performing arts, designated as the Na-
25 tional Center for the Performing Arts, named in the
26 memory and honor of this great leader, shall serve

1 as the sole national monument to his memory within
2 the city of Washington and its environs;

3 “(5) such a living memorial serves all of the
4 people of the United States by preserving, fostering,
5 and transmitting the performing arts traditions of
6 the people of this Nation and other countries by pro-
7 ducing and presenting music, opera, theater, dance,
8 and other performing arts; and

9 “(6) such a living memorial should be housed in
10 the John F. Kennedy Center for the Performing
11 Arts, located in the District of Columbia.”;

12 (3) in subsection (b) (as redesignated in para-
13 graph (1)),

14 (A) in the first sentence, by inserting “as
15 the National Center for the Performing Arts, a
16 living memorial to John Fitzgerald Kennedy,”
17 after “thereof”; and

18 (B) in the second sentence—by striking
19 “Chairman of the District of Columbia Recre-
20 ation Board” and inserting “Superintendent of
21 Schools of the District of Columbia”;

22 (4) by amending subsection (c) (as redesignated
23 in paragraph (1)) to read as follows:

24 “(c) The general trustees shall be appointed by the
25 President of the United States and each such trustee shall

1 hold office as a member of the Board for a term of 6 years,
2 except that—

3 “(1) any member appointed to fill a vacancy oc-
4 curring prior to the expiration of the term for which
5 such member’s predecessor was appointed shall be
6 appointed for the remainder of such term;

7 “(2) a member shall continue to serve until
8 such member’s successor has been appointed; and

9 “(3) the term of office of a member appointed
10 prior to the date of enactment of this subsection
11 shall expire as designated at the time of appoint-
12 ment.”;

13 (5) in subsection (d) (as redesignated in para-
14 graph (1)),

15 (A) in the first sentence, by inserting “of
16 the United States” after “President” and be-
17 fore “may”;

18 (B) in the fourth sentence, by striking
19 “in” after “cultural activities to be carried on”
20 and substituting “by”; and

21 (C) by inserting a period after “compensa-
22 tion” and striking the remainder of the last
23 sentence.

24 (6) EFFECTIVE DATE FOR CERTAIN APPOINT-
25 MENTS.—The appointment made pursuant to the

1 amendment made by clause (ii) of subsection (3)(B)
2 shall not commence until the expiration of the term
3 of the chairman of the District of Columbia Recre-
4 ation Board, serving as a trustee of the John F.
5 Kennedy Center for the Performing Arts on the date
6 of enactment of this Act.

7 **SEC. 3. PRESENTATIONS, PROGRAMS, FACILITIES FOR AC-**
8 **TIVITIES, AND MEMORIAL IN HONOR OF THE**
9 **LATE PRESIDENT; RESTRICTION ON ADDI-**
10 **TIONAL MEMORIALS.**

11 Subsektion (a) of section 4 of the Act (20 U.S.C. 76j)
12 is amended to read as follows:

13 “(a)(1) The Board shall—

14 “(A) present classical and contemporary music,
15 opera, drama, dance, and other performing arts
16 from the United States and other countries;

17 “(B) promote and maintain the Center as the
18 National Center for the Performing Arts by—

19 “(i) developing and maintaining a leader-
20 ship role in national performing arts education
21 policy and programs, including developing and
22 presenting original and innovative performing
23 arts and educational programs for children,
24 youth, families, adults, and educators designed

1 specifically to foster an appreciation and under-
2 standing of the performing arts;

3 “(ii) developing and maintaining, a com-
4 prehensive and broad program for national and
5 community outreach, including establishing
6 model programs for adaptation by other pre-
7 senting and educational institutions; and

8 “(iii) conducting joint initiatives with the
9 national education and outreach programs of
10 the Very Special Arts, an entity affiliated with
11 the John F. Kennedy Center for the Perform-
12 ing Arts which has an established program for
13 the identification, development and implemen-
14 tation of model programs and projects in the arts
15 for disabled individuals;

16 “(C) strive to ensure that the John F. Kennedy
17 Center for the Performing Arts education and out-
18 reach programs and policies meet the highest level of
19 excellence and reflect the cultural diversity of the
20 Nation;

21 “(D) provide facilities for other civic activities
22 at the John F. Kennedy Center for the Performing
23 Arts;

1 “(E) provide within the John F. Kennedy Cen-
2 ter for the Performing Arts a suitable memorial in
3 honor of the late President;

4 “(F) develop a comprehensive building needs
5 plan for the existing features of the John F. Ken-
6 nedy Center for the Performing Arts;

7 “(G) plan, design, and construct all major cap-
8 ital projects at the John F. Kennedy Center for the
9 Performing Arts; and

10 “(H) provide information and interpretation; all
11 maintenance, repair, and alteration of the building;
12 and janitorial, security, and all other services nec-
13 essary for operating the building and site.

14 “(2)(A) The Board, in accordance with applicable
15 law, may enter into contracts or other arrangements with,
16 and make payments to, public agencies or private organi-
17 zations or persons in order to carry out the Board's func-
18 tions under this Act. This includes, but is not limited to,
19 utilizing the services and facilities of other agencies, in-
20 cluding the Department of the Interior, General Services
21 Administration, and Smithsonian Institution.

22 “(B) The Board shall prepare a budget pursuant to
23 31 U.S.C. sections 1104 and 1105(a) and subject to 31
24 U.S.C. section 1513(b).

1 “(C) The Board may utilize or employ the services
2 of personnel of any agency or instrumentality of the Fed-
3 eral Government or of the District of Columbia, with the
4 consent of the agency or the instrumentality concerned,
5 upon a reimbursable basis, or utilize voluntary or uncom-
6 pensated personnel.

7 “(D) In carrying out its duties under this Act, the
8 Board may negotiate any contract for an environmental
9 system, a protection system or a repair to, maintenance
10 of, or restoration of the John F. Kennedy Center for the
11 Performing Arts with selected contractors and award the
12 contract on the basis of contractor qualifications as well
13 as price.

14 “(E) The Board shall maintain the Hall of Nations,
15 the Hall of States, and the Grand Foyer in a manner that
16 is suitable to a national performing arts center that is op-
17 erated as a Presidential memorial.”

18 **SEC. 4. OFFICERS AND EMPLOYEES, REVIEW OF BOARD**
19 **ACTIONS.**

20 Section 5 of the Act (20 U.S.C. 76k) is amended—
21 (1) in the first sentence of subsection (a), by
22 striking “Smithsonian Institution” and inserting
23 “John F. Kennedy Center for the Performing Arts,
24 as a bureau of the Smithsonian Institution,”;
25 (2) in subsection (b)—

1 (A) in the section heading, by deleting
2 “DIRECTOR, ASSISTANT DIRECTOR,” and in-
3 serting “CHAIRPERSON”.

4 (B) in the first sentence, by striking “di-
5 rector, an assistant director, and a secretary of
6 the John F. Kennedy Center for the Perform-
7 ing Arts and of” and inserting “chairperson of
8 the John F. Kennedy Center for the Perform-
9 ing Arts (hereafter in this Act referred to as
10 the ‘chairperson’), who shall serve as the chief
11 executive officer of the Center, and a secretary
12 of the Center. The chairperson may appoint a
13 senior level executive who, by virtue of the indi-
14 vidual’s background, shall be well suited to be
15 responsible for facilities management and serv-
16 ices and who may, without regard to the provi-
17 sions of title 5, be appointed and compensated
18 with appropriated funds, provided that com-
19 pensation does not exceed the maximum rate of
20 pay under 5 U.S.C. section 5376 for Senior-
21 Level IV positions, and”

22 (C) in the last sentence by striking “direc-
23 tor, assistant director,” and inserting “chair-
24 person”; and

1 (3) by redesignating subsection (c) as sub-
2 section (e) in this section, and amending it to read
3 as follows:

4 “(e) The actions of the Board relating to performing
5 arts and to payments made or directed to be made by it
6 from any trust funds shall not be subject to review by any
7 officer or agency other than a court of law.”; and

8 (4) by adding after subsection (b) the following
9 new subsections:

10 “(c) TRANSFER.—The property, liabilities, contracts,
11 records, and unexpended balance of appropriations, au-
12 thorizations, allocations and other funds employed, held,
13 used, arising from, available to or to be made available
14 in connection with the functions transferred from the Sec-
15 retary of the Interior by enactment of this law, subject
16 to 31 U.S.C. section 1531, shall be transferred to the
17 Board as the Board and the Secretary of the Interior may
18 determine, but not later than October 1, 1995. Unex-
19 pended funds transferred pursuant to this subsection shall
20 be used only for the purposes for, and subject to the terms
21 under, which the funds were originally authorized and ap-
22 propriated.

23 “(d) TRANSFER OF PERSONNEL.—Employees of the
24 National Park Service assigned to duties related to those
25 functions being undertaken by the Board will be trans-

ferred with their functions to the John F. Kennedy Center Board of Trustees not later than October 1, 1995. These employees shall remain in the Federal competitive service retaining all benefits and rights provided under title 5 of the United States Code. For a period of not less than three years, transferred employees will retain the right of priority consideration under merit promotion procedures or lateral reassignment for all vacancies within the Department of the Interior. All United States Park Police employees assigned to the John F. Kennedy Center will remain employees of the National Park Service. Appropriations provided for the John F. Kennedy Center for the Performing Arts will bear all costs associated with adverse action or grievance procedures resulting from this transfer of function, and from the abolishment of law enforcement and security services performed by the United States Park Police which are incurred during the transition period when the United States Park Police are performing functions within the building and site of the John F. Kennedy Center for the Performing Arts. Nothing contained herein shall, following the transfer specified herein, be deemed to prohibit the Board of Trustees from reorganizing functions at the Center in accord with the law governing such reorganizations."

1 **SEC. 5. OFFICIAL SEAL, BOARD VACANCIES, AND QUORUM,**
2 **TRUSTEE POWERS AND OBLIGATIONS, RE-**
3 **PORTS, NATIONAL PARK SERVICE INTERPRE-**
4 **TIVE FUNCTIONS, SUPPORT SERVICES, RE-**
5 **VIEWS AND AUDIT, SECRETARY OF THE INTE-**
6 **RIOR'S FUNCTIONS, ESTABLISHMENT OF**
7 **FUND.**

8 Section 6 of the Act (20 U.S.C. 761) is amended—

9 (1) in subsection (c)—by striking “its” and in-
10 serting “the Board’s”;

11 (2) by striking subsection (e); and

12 (3) by striking subsection (f) and inserting the
13 following new subsections—

14 “(f) The General Accounting Office shall review and
15 audit, at least every 3 years, the accounts of the John
16 F. Kennedy Center for the Performing Arts for the pur-
17 pose of examining expenditures of funds appropriated
18 under authority provided herein.

19 “(g) The functions of the Board funded by amounts
20 appropriated under section 12 shall be subject to the re-
21 quirements of the Inspector General Act of 1978, as
22 amended. The Inspector General of the Smithsonian Insti-
23 tution is authorized to carry out the requirements of that
24 Act on behalf of the Board, on a reimbursable basis.

25 “(h) The Board may procure insurance against any
26 loss in connection with its property and other assets ad-

1 ministered by it. The Board's employees and volunteers
2 shall be deemed civil employees of the United States with-
3 in the meaning of the term 'employee' as defined in 5
4 U.S.C. section 8101, except that the Board shall continue
5 to provide benefits with respect to any disability or death
6 resulting from an injury to its nonappropriated fund em-
7 ployees pursuant to the District of Columbia workers com-
8 pensation statute; and such benefits, whether under work-
9 ers compensation statutes or the Federal Employees Com-
10 pensation Act, shall continue to be the exclusive liability
11 of the Board and the United States with respect to all
12 employees and volunteers; but in no circumstance may an
13 employee bring suit against the United States under the
14 Federal Tort Claims Procedure, chapter 171 of title 28
15 of the United States Code, for disability or death resulting
16 from personal injury sustained while in the performance
17 of the employee's duties for the Board.

18 “(i) Any settlement, award or judgment, made or en-
19 tered pursuant to chapter 171 of title 28 of the United
20 States Code, arising from any act or omission of a Ken-
21 nedy Center Board employee in the performance of a
22 nonappropriated fund activity, shall be paid only from
23 funds available to the Board for its performing arts activi-
24 ties.”

1 SEC. 6. TECHNICAL AMENDMENT.

2 Section 10 of the Act (20 U.S.C. 76p) is amended—

3 (1) by striking “he” and inserting “the Sec-
4 retary”; and

5 (2) by striking “his” and inserting “the Sec-
6 retary’s”.

7 SEC. 7. AUTHORIZATION OF APPROPRIATIONS.

8 The Act is amended by inserting at the end thereof
9 the following new section 12 (20 U.S.C. 76r):

10 “SEC. 12. AUTHORIZATION OF APPROPRIATIONS.

11 “(a) MAINTENANCE, REPAIR AND SECURITY.—There
12 are authorized to be appropriated to the Board
13 \$12,000,000 for fiscal year 1995 and each succeeding fis-
14 cal year through fiscal year 1999 to carry out subpara-
15 graph (H) of section 4(a)(1).

16 “(b) CAPITAL PROJECTS.—There are authorized to
17 be appropriated to the Board \$9,000,000 for fiscal year
18 1994 and each succeeding fiscal year through fiscal year
19 1999 to carry out subparagraphs (F) and (G) of section
20 4(a)(1).

21 “(c) FEDERAL FUNDS.—No funds appropriated pur-
22 suant to this section shall be used for the direct expenses
23 incurred in the production of performing arts attractions,
24 or for personnel (including supplies and equipment used
25 by them) who are involved in performing arts administra-
26 tion, or for production, staging, public relations, market-

1 ing, fundraising, ticket sales, and education. However,
2 funds appropriated directly to the Board shall not affect
3 nor diminish other Federal funds sought for performing
4 arts functions and may be used to reimburse the Board
5 for that portion of costs that are Federal costs reasonably
6 allocated to building services and theater maintenance and
7 repairs.”

8 **SEC. 8. DEFINITIONS.**

9 The Act is amended by inserting at the end thereof
10 a new section 13 (20 U.S.C. 76s)—

11 **“SEC. 13. DEFINITIONS.**

12 “For the purpose of this Act—

13 “(1) the term ‘capital projects’ means capital
14 repairs, replacements, improvements, rehabilitations,
15 alterations, and modifications to the existing fea-
16 tures of the John F. Kennedy Center for the Per-
17 forming Arts building and the site, including the
18 theaters, garage, plaza, and building walkways;

19 “(2) the term ‘maintenance, repair, and secu-
20 rity services’ means all services and equipment nec-
21 essary to maintain and operate the existing features
22 of the John F. Kennedy Center for the Performing
23 Arts building and the site, including the theater, ga-
24 rage, plaza, and building walkways in a manner con-

1 sistent with the requirements for high quality oper-
2 ations;

3 “(3) the terms ‘building and site of the John F.
4 Kennedy Center for the Performing Arts’ and
5 ‘grounds of the John F. Kennedy Center for the
6 Performing Arts’ mean the site in the District of
7 Columbia on which the John F. Kennedy Center
8 building is constructed and which extends to the line
9 of the west face of the west retaining walls and
10 curbs of the Inner Loop Freeway on the east, the
11 north face of the north retaining walls and curbs of
12 the Theodore Roosevelt Bridge approaches on the
13 south, the east face of the east retaining walls and
14 curbs of Rock Creek Parkway on the west, and the
15 south curbs of New Hampshire Avenue and F Street
16 on the north.”

17 **SEC. 9. RULES AND REGULATIONS.**

18 Sections 193r, 193u, and 193v of title 40 are amend-
19 ed as follows:

20 (1) 40 U.S.C. section 193r is amended by strik-
21 ing “and” after “Institution” and substituting a
22 comma, and by adding “, and the Trustees of the
23 John F. Kennedy Center for the Performing Arts,”
24 after “National Gallery of Art”;

1 (2) 40 U.S.C. section 103u is amended by strik-
2 ing "and" after "Institution" where "Institution"
3 twice appears, and substituting in both places a
4 comma, and by adding ", and the Trustees of the
5 John F. Kennedy Center for the Performing Arts,"
6 after "National Gallery of Art" in both places where
7 "National Gallery of Art" appears; and

8 (3) 40 U.S.C. section 193v is amended by add-
9 ing a new subsection (3)—

10 "(3) The site of the John F. Kennedy Center
11 for the Performing Arts, which shall be held to ex-
12 tend to the line of the west face of the west retain-
13 ing walls and curbs of the Inner Loop Freeway on
14 the east, the north face of the north retaining walls
15 and curbs of the Theodore Roosevelt Bridge ap-
16 proaches on the south, the east face of the east re-
17 taining walls and curbs of Rock Creek Parkway on
18 the west, and the south curbs of New Hampshire
19 Avenue and F Street on the north."



TO AMEND THE JOHN F. KENNEDY CENTER ACT TO TRANSFER OPERATING RESPONSIBILITIES TO THE BOARD OF TRUSTEES OF THE JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS, AND FOR OTHER PURPOSES

WEDNESDAY, MARCH 2, 1994

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS,
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
Washington, DC.

The committee met, pursuant to notice, at 8:30 a.m., in room 2253, Rayburn House Office Building, Hon. James A. Traficant, Jr. (chairman of the subcommittee) presiding.

Mr. TRAFICANT. The subcommittee will come to order.

The subcommittee is meeting this morning to hear testimony of H.R. 3567, the John F. Kennedy Center Act Amendments of 1994. It is important legislation that was introduced by our committee Chair, Congressman Norm Mineta, myself, vice Chair, Eleanor Holmes Norton, and Congressman John Duncan. All these members are co-sponsors of the legislation and members of this subcommittee.

The bill is the result of over a year of hard work by the Kennedy Center's staff; Mr. Wolfensohn, chairman of the John F. Kennedy Center for the Performing Arts; his staff; and officials from the National Park Service are deserving of our praise for their hard work and sense of purpose.

The bill will make significant changes to the Kennedy Center Act by streamlining the management of the Kennedy Center, giving the Kennedy Center full responsibility for all of its own activities.

The bill has broad bipartisan support.

The John F. Kennedy Center Act established the Kennedy Center as not only a national cultural arts center, but also as a living memorial to President John F. Kennedy. As such, it is a very special institution and a public building in the true sense of the word.

The original act established a board to be known as the trustees of the John F. Kennedy Center for the Performing Arts, known as the board. The management of operations and maintenance of the Kennedy Center has been a joint effort shared between the National Park Service and the board.

Since the Kennedy Center building was constructed in 1971, there have been several serious building defects, including the ga-

rage structure, water leakage, and exterior marble expansion. The board and the Interior Department's National Park Service have, in good faith, tried to share responsibility for the non-performing arts aspects of the Kennedy Center's operations; however, this shared approach has simply not worked.

The bill ends this shared approach in favor of the Kennedy Center board assuming sole and full responsibility for the building and the site. Also, the appropriations necessary to fulfill these new responsibilities are authorized by this legislation.

Some of the key provisions in the bill are:

One, that the Kennedy Center board shall develop a comprehensive building needs plan for the existing features of the Kennedy Center.

Two, that it shall plan, design, and construct all major capital projects at the Kennedy Center.

Three, that it shall provide for information, maintenance, repair, and all other services necessary to operating the building and the site.

And, four, there shall be a transfer of both property and personnel from the Interior Department to the board for functions the board is now to assume.

The essence of H.R. 3567 is that for the first time in its history the Kennedy Center will have autonomy and control over not only its performing arts program, but also be responsible for needed capital projects, building needs, and for maintenance and other services necessary for operating the Kennedy Center building and the site.

This morning we have two distinguished witnesses to testify on H.R. 3567: Mr. James D. Wolfensohn, Chairman of the John F. Kennedy Center for the Performing Arts; and Mr. Robert Stanton, Director of National Capital Region for the National Park Service.

I especially want to again thank Mr. Wolfensohn for his indomitable spirit and extraordinary sense of cooperation.

It is a true pleasure to join with Chairman Mineta, Ms. Norton, and Mr. Duncan in welcoming you and in supporting H.R. 3567.

Mr. Duncan, would you like to make an opening statement, sir?

MR. DUNCAN. Thank you Mr. Chairman.

Very briefly, I am pleased to be an original co-sponsor of this legislation. This legislation will allow the Kennedy Center board to have direct control of the financial resources necessary to maintain and improve the Center.

My co-sponsorship of this legislation is in great part a reflection of my high confidence in the outstanding leadership and management skills of the distinguished chairman of the Kennedy Center, Mr. James Wolfensohn. Mr. Wolfensohn has repeatedly made a compelling case for this legislation in previous testimony before our subcommittee.

I appreciate Mr. Wolfensohn's willingness to not only seek direct control of the funding to operate the Kennedy Center, but his willingness to be accountable for maximizing the use of these funds—an attribute that is rarely found in Government these days.

I'm also supporting this legislation because of his willingness and that of the Kennedy Center board to seek private funding for the Center and not simply rely on tax dollars.

In the four years since he became chairman in March 1990, I am told that Mr. Wolfensohn has been responsible for raising over \$71 million in private and corporate donations. This effort is deserving of praise, and especially so given the tough economic times in which these funds were secured.

In addition, I would like to recognize the excellent education program established by the Kennedy Center under Mr. Wolfensohn and his staff. This program serves thousands of children, their parents, and teachers in every State. In fact, my home town of Knoxville, Tennessee, has been proud to be one of many cities that have sent young people to perform at the Kennedy Center. Their appearance, I am proud to say, received favorable news coverage not only in our local media, but also in the New York Times.

Mr. Wolfensohn, upon passage of H.R. 3567, has promised to streamline the Federal Government's responsibility for maintaining the Kennedy Center. I applaud this great respect for the expenditures of tax dollars. We are fortunate to have James Wolfensohn, who commands respect throughout this Nation and even internationally, as chairman of the board of directors of the Kennedy Center.

I welcome Mr. Wolfensohn and also Mr. Stanton, who has been here before. It is a pleasure to have both of these witnesses here.

Our last hearing of this subcommittee, Mr. Chairman, heated up a little bit. I expect this one to be a little less heated, I guess, since everybody is in agreement on this. But I certainly have great respect for you and appreciate your work on this also.

Thank you very much.

Mr. TRAFICANT. Thank you, Mr. Duncan. I know that the last hearing was trying, and you did get a little hot under the collar, but I'm glad to see that you're back and you're in good order there.

Let's proceed. Mr. Wolfensohn, would you like to lead us off here? I welcome you.

TESTIMONY OF JAMES D. WOLFENSOHN, CHAIRMAN, JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS, WASHINGTON, DC; ACCCOMPANIED BY LARRY WILKER, PRESIDENT, JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS; AND ROBERT STANTON, DIRECTOR, NATIONAL CAPITAL REGION, NATIONAL PARK SERVICE, U.S. DEPARTMENT OF THE INTERIOR

Mr. WOLFENSOHN. Thank you very much indeed, Mr. Chairman. And thank you for your statement, and also yours, Mr. Duncan.

I am here with my colleague, Larry Wilker, who is president of the Center, as well as a number of other members of our staff who will be available with me to answer your questions.

I would like to ask you, Mr. Chairman, if you would accept my prepared testimony and place it in the record, so I can make just a short opening statement.

Mr. TRAFICANT. Without objection, your prepared statement will appear in the record.

Mr. WOLFENSOHN. Thank you very much, Mr. Chairman.

I am very happy to appear here with my friend, Bob Stanton, who has given us extraordinary support in the period I have been down here. I'm happy once again to be with him.

In placing before you my comments on H.R. 3567, which, as both you and Mr. Duncan have indicated, is a very important moment in the life of the John F. Kennedy Center, it returns the responsibility to the board of the Kennedy Center for the full running of our institution both in terms of programming and in terms of the physical facilities.

As I have told you gentlemen before—on perhaps too many occasions—it seems to me to make abundant sense to have one boss at the Center who is responsible and accountable and can be rewarded by you annually or criticized by you annually in accordance with the plans that we place before you.

We expect to be fully accountable and we expect to tell you what we are going to do. We expect to come here annually and tell you what we have done. We expect to be subject to total review by you and other committees and institutions of the Congress and of the Administration and very much look forward to that clear-cut test of being held responsible and accountable for what we are doing.

In that context, what we will be doing, of course, is complying with all Federal procurement and personnel laws, and I want you to know that we have already reached an agreement with the Smithsonian to help us with our contracting, and I am very happy to say that we have appointed David Slingerland, who is a man of extraordinary experience, to head our design and contracting process.

Obviously, we will be working within the Federal laws in relation to minority contracting requirements, and here we hope to be a model of compliance and leadership, as I believe we have been in the composition of our management team at the Kennedy Center and in our programming and educational activities at the Kennedy Center.

The sums authorized—which we are seeking \$12 million for operation and maintenance and \$9 million for capital repairs—are in line with recent authorizations and represent no total increase to the Government.

I am happy that this bill authorizes the transfer of 55 full time equivalent positions to the Center, and that the arrangement is that those who are transferred to the center will come over in the same positions. We have no plans for changes.

I am also delighted that for those very few, I hope, who may wish to return to the Park Service rather than staying within the Kennedy Center orbit, that they have the opportunity within three years to return at the same grade to the service of the Department of Interior.

I think you know, Mr. Chairman, that we were not given support to the transfer of the park police and guards, who will be retained within the National Park Service and who will be, I understand, reassigned. But we will be reviewing the whole of our security functions and very much hope that we will be able to have a cooperative agreement with the Park Service for police response.

Mr. Chairman, we are ready to answer questions. I merely want to say that we are enormously appreciative and supportive of you and counsel and members of the staff for reaching this point, which I believe is one that is of crucial importance to the Kennedy Center

and is likely to be very effective not only for the center, but for the expenditure of Government funds.

Mr. TRAFICANT. Thank you, Mr. Wolfensohn.

Does the gentlewoman from D.C. wish to make a statement?

Ms. NORTON. Thank you, Mr. Chairman.

I would like to say only a brief opening remark and ask that my written remarks be incorporated in the record.

Mr. TRAFICANT. Without objection, your prepared statement will appear in the record.

Ms. NORTON. I'd like to welcome both Mr. Wolfensohn and Mr. Stanton, both of whom have, in carrying out their national responsibility, been mindful of the fact that their institutions live in the District of Columbia, and both have been enormously helpful to this city, in particular.

Mr. Wolfensohn brings a most unusual characteristic to a Government post. He is both a visionary—especially of the arts—and a man of widely acclaimed financial and managerial skills.

I must say that the Kennedy Center has been waiting for a man of this Renaissance breadth. In what he has done in the matter before us we see what can be done when the best elements of private sector experience are brought to bear on a Government structure and institution badly in need of that experience.

I want to welcome Mr. Wolfensohn, and I certainly want to welcome my friend Mr. Stanton and wish him well as he continues to do excellent work here and around the country.

Mr. TRAFICANT. Thank you, Ms. Norton.

[Ms. Norton's prepared statement follows:]

ELEANOR HOLMES NORTON
DISTRICT OF COLUMBIA

COMMITTEE ON
PUBLIC WORKS AND TRANSPORTATION

SUBCOMMITTEES
VICE CHAIR: PUBLIC BUILDINGS AND GROUNDS
WATER RESOURCES AND ENVIRONMENT

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COMMITTEE ON
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FISCAL AFFAIRS AND HEALTH

JOINT COMMITTEE ON THE ORGANIZATION
OF CONGRESS

DEMOCRATIC STUDY GROUP
EXECUTIVE COMMITTEE

**Congress of the United States
House of Representatives
Washington, D.C. 20515**

**OPENING STATEMENT OF CONGRESSWOMAN ELEANOR HOLMES NORTON
BEFORE THE SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS
HEARING ON H.R. 3567, A BILL TO AMEND
THE JOHN F. KENNEDY CENTER ACT**

March 2, 1994

Good morning and thank you, Mr. Chairman. I am pleased to welcome today's witnesses to this hearing on H.R. 3567, a bill to amend the John F. Kennedy Center Act to transfer operating and capital improvement responsibilities from the National Park Service to the Board of Trustees of the John F. Kennedy Center for the Performing Arts.

This bill is truly exemplary of efforts to reinvent government. Recognizing the inefficacy over the years of dividing responsibility for the operations, maintenance and capital repairs of the Kennedy Center, the Board of Trustees of the Kennedy Center and the National Park Service mutually agreed to centralize these responsibilities with the Center's Board of Trustees. The approach crafted in the bill will promote stability and allow the Board to develop and carry out a plan that will set the Kennedy Center on a healthy financial and structural path for the 21st century. It will also enable the National Park Service to dedicate scarce human and financial resources to protecting and conserving our natural environment.

In addition, the bill is an excellent example of public/private partnership. Mr. James Wolfensohn, Chairman of the Kennedy Center since 1990, has brought his extraordinary talent and energy to this legislation. In an effort to prevent the Center's continued deterioration, Mr. Wolfensohn asked Congress for responsibility to maintain and improve the Center. At the same time, understanding that federal budgets are severely constrained, he has relentlessly raised funds from private donors during a time when fewer are contributing to cultural institutions. I am confident that under his leadership the Board will work effectively to establish a capital improvements program that will restore the fading luster of the Center's physical structure.

The Kennedy Center has established itself as a hallmark national cultural arts center and presidential memorial. In its two decades of life, it has created an enviable record by presenting diverse and quality arts performances to traditional patrons of the arts, as well as reaching out to segments in communities and in the nation that have had little exposure to the arts. The Kennedy Center's new and innovative programs to educate our country's youth and to advance the arts nationwide replicate outstanding Kennedy Center programs already

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Norton statement
March 2, 1994
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enjoyed by the residents of the District of Columbia. Most notable are the Arts Enterprise Zone and the Cultural Passport Programs, which provide workshops, classes and internships to disadvantaged students in the District, and professional development workshops to their teachers. This year, in collaboration with the renowned Dance Theatre of Harlem, the Kennedy Center has begun a new community initiative in the metropolitan Washington area. Classical ballet is introduced to students through lectures, demonstrations, workshops, training and performances.

In the District, as in many states throughout the country, the Kennedy Center has created the unprecedented opportunity to make the arts a part of every child's education. H.R. 3567, by more fully delineating the Kennedy Center's educational purpose for its national programs, will enable the Kennedy Center to continue in this fine tradition of encouraging teachers, students and their families to appreciate the importance of the visual and performing arts in the educational process and to share the experience of attending live performances.

I am especially pleased to welcome today's witnesses. Mr. Wolfensohn and Mr. Stanton, Director of the National Capital Region of the Park Service, have made invaluable contributions to the District of Columbia and as always they have my appreciation for their worthy efforts.

Mr. TRAFICANT. With that, what we will do is go to Mr. Stanton, and then we will come to questions. In the event that there are any questions that may have a dual purpose here and could be answered better with both present.

We are glad to have you here, Mr. Stanton. Knowing that you protect some of these private sector impresarios, we are very glad to have you here. You keep us going.

Mr. Stanton, go right ahead.

Mr. STANTON. Thank you very much, Mr. Chairman, and certainly to my good friend and supporter of the National Park Service here in the Nation's capital, our own representative, Ms. Norton, for those kind comments, and certainly to Congressman Duncan for those comments, as well.

It certainly is my pleasure to appear before the subcommittee once again.

I do bring from the Administration support of H.R. 3567, which will change the basic administration of the Kennedy Center for the Performing Arts.

The bill, as you know, is identical to a bill recommended by Secretary Babbitt in his November 18, 1993, recommendation.

I, too, as Mr. Wolfensohn, have a prepared statement, which I hope, Mr. Chairman and members of the committee, you will find acceptable for the record. I will just make a couple of other comments.

In addition to being supportive of this proposed legislation, it has certainly been the Park Service's privilege to have had responsibilities at the Kennedy Center since 1972.

The National Park Service is very grateful for the outstanding support and the excellent services and dedication that have been exhibited by the National Park Service employees from the day that we walked into the doors of the Kennedy Center.

I might mention that, with respect to the legislation enacted in 1990 giving the Park Service a clear mandate to carry out a major capital improvement program, those programs are underway and there has been close coordination with Mr. Wolfensohn and members of his staff.

We recognize, Mr. Chairman and members of the committee, that if this legislation were to be enacted it would remove responsibility of the National Park Service in terms of day-to-day management.

I would like to state quite clearly that the National Park Service stands ready to provide assistance under provisions of the legislation relative to any expertise that we may bring to Mr. Wolfensohn and to the Board of Trustees in the area of visitor services, security, construction management, and construction design, for we recognize that the legislation respects the earlier legislation, that this will continue to be the sole memorial in our Nation's capital in honor of our 35th President.

So, Mr. Chairman, again, and members of the committee, the Administration supports this measure and we would look forward to working, certainly with my good friend whom I have had the opportunity to work with over the past couple of years, Mr. Wolfensohn, to assure that there will be a smooth transition to carry out not only the letter but, indeed, the spirit of the legislation.

Again, thank you for this opportunity.

Mr. TRAFICANT. Thank you, Mr. Stanton.

Without objection, your prepared statement will appear in the record.

Mr. STANTON. Mr. Chairman, I am accompanied by members of my staff: Mr. John Duran, who is our general manager, as well as members of our design staff, and my own financial officer. So if need be, and at your pleasure, they will be available to assist me in responding to questions or comments.

Mr. TRAFICANT. I appreciate that. I also appreciate the way that the two of you have gotten together, the way you have handled a transition and a change that leaves to the Kennedy Center its management, its operation, and streamlining. I think you are to be commended, Mr. Stanton, for the type of work that you have put in. Usually change like this meets an awful lot of resistance and people sometimes don't work together. It is refreshing to see that. I'm glad to have you here.

First I will defer the questions to the gentleman from Tennessee, Mr. Duncan.

Mr. DUNCAN. Thank you, Mr. Chairman.

Mr. Wolfensohn, a few minutes ago I complimented you on the amount of private funding that you have raised in the last four years. Over that period of time, roughly what has been the percentage of Federal funding in relation to private funding spent on the Kennedy Center? Would you have a rough guess of that?

Mr. WOLFENSOHN. I would, Mr. Duncan. Roughly \$17 million has been raised privately out of a total budget on something of the order of \$70 to \$75 million. The funds provided by the Federal Government against that \$75 million have been on the order of, in the last three years, \$21 million given for the physical maintenance and repair of the institution.

In addition to that, there has been an amount which has been rising in relation to education, which has gone from \$1 to \$3 million, so you could say roughly \$24 million.

And then I think order of magnitude for other services such as concerts and things and special events at the capital a further \$1 million.

So the total amount given for the Kennedy Center, you can say roughly \$25 million as compared to a \$75 million budget.

The thing I would like to make clear is that in relation to programming and in relation to the core of what is going on at the Kennedy Center, virtually all of that has been provided by private sources so that the funds which have come from the Federal Government have been in relation to the memorial aspects of the Kennedy Center, with the single exception of some shared financing for education, which I just mentioned, and also special concerts which have been essentially contracted with the National Symphony Orchestra for services on Capitol Hill.

Mr. DUNCAN. In fiscal years 1991 and 1992, the Congress authorized \$30.5 million for capital projects. Can you tell us what is the status of these projects and what remains to be done?

Mr. WOLFENSOHN. I think perhaps I should defer to Mr. Stanton and then add to that, because it has been Mr. Stanton's responsibility, but I do have some summary.

Mr. STANTON. Mr. Duncan, the initial major capital improvement was the completion of the garage project. I might hasten to add that the funding that has been made available by Congress for that project has been obligated to the contractor and that work is ongoing. We would anticipate that the garage would be completed by 1996.

In addition to that, we had identified jointly with Mr. Wolfensohn and his associates the need to address the mechanical system, accessibility, studies in terms of the marble, and related work. Plans, special studies, and designs are underway for all of those projects funded through appropriations to date.

We would anticipate, however, that there will, at the end of this fiscal year, be a carry-over of \$16 million, because most of the money that is being used now is for special studies and design. The design will be available by the beginning of fiscal year 1995, commencing October 1, and these funds may be utilized for these improvements.

Subsequently, however, future requests will come from the new organizational entity, the Kennedy Center, if you will.

Mr. DUNCAN. Do either of you have any idea or rough guess of how much Federal funding has been spent on the Kennedy Center since it opened in 1971?

Mr. STANTON. We would be more than happy to furnish that for the record, but it would be principally, Mr. Duncan, in two categories. One is for operational purposes, and that was the thrust of the Park Service's involvement from the time that we assumed responsibility in 1972.

And then there were some major one-time authorizations by Congress to make capital repairs when there was a roof leakage, so we do have a degree of capital improvement in the 1970s. And then it was not until the late 1980s and 1990s that we got sustained capital improvement funding.

We will be able to break that out for you to show all of the appropriations in those two categories from 1972 through the current appropriation.

Mr. WOLFENSOHN. I, in fact, have those, Mr. Stanton, if it is of any help.

Mr. STANTON. Okay. Great.

Mr. WOLFENSOHN. The total appropriated funds since 1972 for capital projects, Mr. Duncan, is \$65 million, including the projections for 1994, so that—and the great bulk of that has come in the last four years where nearly \$58 million of the \$65 million has been given.

The reason for that clumping of funds provided is that you will recall that the Center was extremely poorly built at the beginning, and we had some years of litigation in relation to the construction of the project originally. Regrettably, we were not able—my predecessors, and I think the Park Service was also equally conscious of this, tried to do the maintenance and repair but were unable to do so.

We had then the situation in the last four years where we were at great risk in terms of the building being a physical hazard for the people that were there, and that is the reason for this heavy load of capital repairs in the last four years.

Mr. DUNCAN. We have heard quite a bit about that in the past.

What is the condition of the building now? Do you know of any major capital improvements or major things that are going to have to be done to the building over the next two or three years?

Mr. WOLFENSOHN. My understanding of that, Mr. Chairman, is that we have to finish the garage, which the National Park Service is going to complete. That is the first and I guess most significant item.

The second thing that we need to do is to look at the marble, on which a study has been done. There it appears that we have no physical danger to persons at the Kennedy Center at the present time. They are mainly cosmetic. But during the coming years there will need to be some replacement of the marble facing, and we are planning over the next four years only to do those necessary works on the marble which are on the horizontal marble, which, when it splits, allows leakage into the building.

So essentially we will be repairing that, and that is included in the funding that we are seeking.

The third thing that we are looking for is mechanical, and there a lot of the mechanical functions are old, and particularly at the present time we are looking at the chilled water plants, and that I guess will be provided.

Mr. STANTON. The design is underway and will be constructed in 1995.

Mr. WOLFENSOHN. And the final thing is the roof, which has been a problem right since the beginning. There we have, within the framework of what we are now asking for, a plan for the restoration of the roof.

What we are planning to do—and we have spoken to Mr. Stanton about this—is, by the time we come to this committee next time, to have completed an overall review of what might happen in the next five or ten years at the Kennedy Center. Frankly, sir, that's really a base point that we need to present to you. We'll be in a much better position next time to bring together our views with the view of the National Park Service and make a presentation to you.

At the moment, we are not anticipating any major crisis.

Mr. STANTON. But to underscore that, there will be a comprehensive analysis that will identify needs within the interior as well as the exterior relative to those points that Mr. Wolfensohn made.

Mr. DUNCAN. When you go from the garage to the roof and you include the mechanical system and the marble, you've covered about every major thing that you could have, I guess.

Are there any law suits pending regarding work in progress or work performed? Are there any major change orders or problems with current contractors that might cause financial hardship for the Center once—

Mr. STANTON. I am not aware of any. However, as the existing contracts progress, obviously the contractor can file a claim with the Government. But there aren't any of which I am aware of any magnitude. I will ask Mr. Billy Garrett to comment on that.

One other point I may mention, though, just in terms of relative priorities, obviously, as with any Federal facility—and I would hope with any facility—there is a need for the building to be fully accessible to the disabled.

That is a very high priority on behalf of the Park Service and Mr. Wolfensohn and the Board of Trustees, to assure that the theaters, as well as any other public space within the Center are fully accessible. There are oversight boards established by Congress, as well as private citizens, who have every opportunity to file a suit if, in fact, we are not meeting our requirements to make sure that programs and facilities are accessible, and there have been some concerns raised along those lines. Those have been identified as major corrections we need to make in terms of achieving full accessibility.

Mr. DUNCAN. Thank you very much.

Thank you, Mr. Chairman.

Mr. TRAFICANT. Ms. Norton.

Ms. NORTON. Thank you, Mr. Chairman.

Mr. Wolfensohn, I am curious whether the vice president's national performance review caught this dichotomy as something that needed to be reinvented. You, of course, are already working on it. Do you know whether or not this was picked up in the national performance review?

Mr. WOLFENSOHN. I regret to say it wasn't, Ms. Norton.

Ms. NORTON. That's an extraordinary document. It is interesting to see that there was at least something they missed.

Will there be any effect or interruption in planned performances, or will there be fewer planned performances of one kind or another, as the repairs are underway?

Mr. WOLFENSOHN. We believe, Ms. Norton, first of all that there will be no fewer; secondly, that the ability that we will have to plan repairs and maintenance in the context of our performance schedule will, in fact, allow us to have a much fuller schedule than if we don't know what is going on in repairs and maintenance.

One of the great pluses of this whole activity is our capacity then to plan performances alongside repairs and maintenance so that we don't have banging on the roof in the middle of a performance.

I believe, and my colleagues believe, that we can, during the summers and those times when we are not busy, complete a lot of the noisy work, and during the rest of the year hopefully we can complete a lot of the additional work.

Ms. NORTON. Now that you are going to be responsible solely for developing and implementing your capital development program, do you anticipate that you will need additional staff? If so, what staff?

Mr. WOLFENSOHN. At the moment, we have hired a gentleman called David Slingerland, who is a man of great experience both with the Department of Navy and the Smithsonian, and he is already on staff, for contracting and design.

We would hope to use those people that come over from the National Park Service and at this moment in time don't anticipate any significant increase in staff. There may be one or two people that we would need to have, but we are not looking to build up a large team. What we are looking to do is to utilize outside contracting services which I think are more appropriate in a building as complex and diverse as this.

If we try and have individual people with the capacity for each segment of the requirements that we need in the Center we would

have a huge staff, and so our intention is to have one or two key people.

I, myself, have knowledge of this whole issue of contracting, and our president, Larry Wilker, has experience both in the Shubert Organization and in Cleveland where he did a number of buildings of the theater type. That will allow the two of us, plus Mr. Slingerland, we believe, to oversee what is needed and to contract outside.

Ms. NORTON. I am pleased that you testified that you are going to be using Federal laws and regulations in terms of your own contracting procedures although, of course, you are not a Federal agency in the strictest sense. Let me just indicate that it has been a problem for agencies who do not come under GSA's jurisdiction, for example, or the Federal Government's jurisdiction in some other way.

The beautiful Judiciary Building that was built on Massachusetts Avenue, in fact, in a city which is 70 percent black and in a region that is very racially diverse, used almost no minority workers in the construction of the building.

I just want to say it is very easy for agencies that are not tied in to the Federal Government to forget that an obligation to hire minority employees and to contract with minority or disadvantaged businessess is there. It is one, of course, that in this city, as you know, I feel very strongly about.

Mr. Stanton, you know that I have been concerned about the use of the police, and especially the Federal police, in this city where there has been a spurt of violence of the kind we see around the country.

Let me just say that the Park Service police are a wonderfully professional police force that does everything that other police do in this city. I have the deepest respect for them.

I note that there are 42 Park Service police who currently provide security for the Kennedy Center that will not be among the transferred personnel under this bill.

Mr. STANTON. Yes.

Ms. NORTON. I'm not sure that police of the high skills and professionalism of the Park Police essentially doing security work are needed at the Kennedy Center in the first place. That's something we could reinvent and use security guards at the Center and free up those Park Service police we need around the park lands where we have some of our crime.

How do you intend to use those 42 Park Service police?

Mr. STANTON. First of all, let me just thank you for the comment about the professionalism of the U.S. Park Police. I certainly would agree.

With respect to the reference of the Park Police in the building before us, you make the point that the Park Police would not be transferred.

If I may, by definition, if they were to be transferred to the Kennedy Center they would no longer be U.S. Park Police.

It is one force, and therefore they operate on a single set of general orders, a single grievance procedure, a single police promotion system that is administered by the Chief of the Park Police. If they

were to be transferred to another independent agency, then they would no longer be accountable administratively to the Chief.

However, the legislation allows the call to be made by the Board, and by the Chairman of the Board, that if they want to retain the current level of services or a modification thereof, that's permitted under a reimbursable agreement. The only thing that would change in what takes place there now is who pays the bill, if you will.

So if there were to be a determination that the Kennedy Center, as reconstituted under legislation, were to establish their own security force and not rely on a contractual or reimbursable arrangement with the U.S. Park Police, it is my responsibility to have the Chief advise me where the highest priority needs are—obviously, we work very closely with Chief Thomas and others—and to have the Park Police meet those needs throughout the region.

Ms. NORTON. Just don't downsize them here.

Mr. STANTON. No. We are working very closely with Chief Thomas, as you know, in meeting some of the current crime issues.

Ms. NORTON. Let me ask Mr. Wolfensohn: how do you intend to provide security?

Mr. WOLFENSOHN. The first thing, Ms. Norton, is we are going to conduct a review of the security function, exactly as you have indicated, to make sure that on such time-consuming things as lost and found, of which there are many instances, that we do not have to utilize Park Police for menial functions.

What we will certainly be doing and are anxious to do is to find out what security functions would require the service of the Park Police and would then immediately engage in discussions with the Park Police to see if we can contract with them for security and police functions that are appropriate to the Park Police.

What we are hoping to do here, in fact, is to rationalize the whole question of security, hopefully to cut some costs and be able to use the Park Police if they are able to, as we hope they will, provide us with services.

Mr. STANTON. Just to reinforce the other point, depending on the outcome of Mr. Wolfensohn's and his Board's review, there will not be a reduction of Park Police in the National Capital Region. All will be accommodated to meet other needs throughout the Nation's capital and the environs.

Ms. NORTON. Thank you very much. That's very important.

Finally, let me ask—I know that the employees who are being transferred will, in fact, keep their civil service status.

Mr. STANTON. That is correct.

Ms. NORTON. And in every way be, in terms of their Government status, as they were.

Mr. STANTON. That's correct. No change whatsoever.

Ms. NORTON. Are these employees affected by the downsizing that every Federal department has, or are they now Kennedy Center employees who are not affected in that way?

Mr. STANTON. Ms. Norton, I think timing is critical. The National Park Service is very much involved in examining its staffing structure at all levels, but principally interested in the central offices at this time.

We would not anticipate, before the requirements of this legislation were to be enacted, to make any kind of adjustments in the personnel at the Kennedy Center.

Obviously, as the employees are transferred with full rights and privileges of any Federal employee to the Kennedy Center as another Federal entity, then it would be the call of the Chairman and the Board in terms of how they will streamline consistent with the President's initiative.

Ms. NORTON. Mr. Wolfensohn, do you have a mandate to streamline the way a Federal agency does with respect to personnel? There is a personnel ceiling, for example, on Federal agencies.

Mr. WOLFENSOHN. We have already streamlined what is under our control by cutting our administrative staff 25 percent, and we have streamlined our relationships with the unions by that.

In relation to the 55 employees that are coming over, we have no plans to streamline them because we think we need them. If subsequently there is a further demand by the Government, along with other departments, for streamlining, we'll have to look at it at that time. But for the present we have no plans for the streamlining of the 55 and are, in fact, counting on having them as part of the team at the center.

Ms. NORTON. I must say I don't know who these employees are. None have come to see me. But I am assuming that these 55, no matter what you have to do to streamline at Park Service, are going to be transferred, and any streamlining that comes would have to come institutionally from the Kennedy Center?

Mr. WOLFENSOHN. That's correct.

Ms. NORTON. Thank you very much.

Thank you, Mr. Chairman.

Mr. TRAFICANT. I'd like to ask unanimous consent at this time to insert into the record a statement from Ralph Pfister, president of the Police Association, District of Columbia, in reply to a statement from the Kennedy Center.

Without objection, so ordered.

[Mr. Pfister's prepared statement follows:]



Police Association of the District of Columbia

1441 Pennsylvania Avenue, S.E.
Washington, D.C. 20003
TEL. 202-543-9557 • FAX 202-543-9478

February 24, 1994

Mr. Chairman and Committee Members:

I am Ralph Pfister, President of the Police Association of the District of Columbia. The Police Association of the District of Columbia appreciates the opportunity to present it's concerns regarding H.R. 3567.

The Police Association has been in continuous service to its membership since 1903 and currently has approximately 2300 active and retired members. Our Federal membership is comprised of members of the United States Park Police and the United States Secret Service Uniformed Division. The Police Association also serves the Metropolitan Police of the District of Columbia and the Metro Transit Police Managers.

We wish to express our views on the pending legislation H. R. 3567. This legislation, if enacted, will transfer operating responsibilities of the Kennedy Center from the Department of Interior, National Park Service, to the Board of Trustees of the John F. Kennedy Center. The Police Association of the District of Columbia represents the United States Park Police officers assigned to the Kennedy Center station. The United States Park Police have maintained a Police Station for the past twenty two years at the Kennedy Center and currently have twenty eight police officers, twelve guards and two civilians assigned to the Kennedy Center, with an annual budget of approximately \$1,600,000.00. Since 1971, they provide 24 hour police protection for the Kennedy Center. During 1993, the Park Police at the Kennedy Center have reported over 4000 police incidents and issued over 2500 parking tickets. From 1988 to June 1993, there were 20,114 reported case incidents. This is an average of 3,657 cases per year.

If H. R. 3567 is passed making the Kennedy Center a National Performing Arts complex, this legislation will eliminate the Park Police Station from the Kennedy Center. The United States Park

**SERVING THE UNITED STATES PARK POLICE, METROPOLITAN POLICE OF THE DISTRICT OF COLUMBIA,
UNITED STATES SECRET SERVICE UNIFORMED DIVISION AND METRO TRANSIT POLICE**

Police officers would be transferred to other work sites, and the Kennedy Center would then be required to hire a new, unarmed security force. This added cost of hiring and training either private or government security is not a budget saving measure. Security should not be left to chance, and should remain in the hands of the United States Park Police. The Police Association believes the elimination of the United States Park Police from the Kennedy Center is not in the best interest of the Kennedy Center and could jeopardize public safety.

After the recent attack on the World Trade Center in New York City, the Federal Bureau of Investigation expressed concerns to the United States Park Police about the vulnerability of the Kennedy Center to Terrorist attack. The United States Park Police responded by installing closed circuit television at the entrances to the public garage and adding a video recording system. To enhance security the United States Park Police have processed and issued over three thousand Kennedy Center photo identifications to full time and part time employees, requiring all employees to wear photo identification. Unlike many government buildings and sites, the Kennedy Center remains one of the most visited and safest complex in the country. We believe this is due to the presence of the United States Park Police.

In addition to our law enforcement responsibilities the United States Park Police provides Presidential and foreign dignitary protection during their visits to the Kennedy Center. On these occasions the United States Park Police works in conjunction with the United States Secret Service, and/or the State Department, providing the utmost security for the President of the United States of America, and foreign officials. In the past seven years there have been 38 Presidential visits. With the enactment of H.R. 3567 the United States Park Police function as a law enforcement entity within the Kennedy Center will be eliminated. The Kennedy Center will have to absorb the budgetary responsibility to provide adequate security for these visits. The Kennedy Center is currently a National Park, because of this the United States Park Police budgets for any Presidential visit, with each visit requiring additional security and costs. If H.R. 3567 is enacted, the Kennedy Center will no longer be a National Park, and as a result the United States Park Police/National Park Service will no longer absorb the cost for these visits. Additionally, the United States Park Police also provide a marked police vehicle for Plaza traffic and parking enforcement, provide storage of found property, medical emergency response, Kennedy Center Photo Identification Cards, monitoring closed circuit television and alarm systems, traffic accident investigations, reporting and investigating Part I and Part II criminal offenses.

The United States Park Police at the Kennedy Center have coordinated official visits and dignitary protection with the U.S. State Department, Presidential Inaugural Committee, U.S. Capitol

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Police, U.S. Department of Defense, International Monetary Fund, U.S. Air Force Special Investigations, Embassy of Israel, Metropolitan Police Department, U. S. Secret Service Uniformed Division, The Commonwealth of Massachusetts Office of the Attorney General.

If H.R. 3567 is enacted the Bill will abolish the law enforcement function and security provided by the United States Park Police. The Chairman of the Kennedy Center, Mr. Wolfenson has stated in the past that he wants the United States Park Police to remain at the Kennedy Center and provide police protection. We support Mr. Wolfenson's position, in that the United States Park Police should remain responsible for the law enforcement and security of the Kennedy Center. We believe that the United States Park Police does provide the best possible law enforcement protection for all concerned.

- ✓ The Police Association of the District of Columbia who represents the police officers of the United States Park Police does not support H.R. 3567 in its current version. We feel it is not in the best interest of the government or the public to close the United States Park Police Station. However, we are willing to support this transfer of function, if language of H.R. 3567 is amended and the United States Park Police Station remains at the Kennedy Center at its current law enforcement levels.

We believe the legislation H.R. 3567 should be amended to state: (The United States Park Police at its current staffing level will provide all Law Enforcement and Security Services for the John F. Kennedy Center. Appropriations provided for the John F. Kennedy Center for the Performing Arts will bear all cost associated which are incurred while the United States Park Police are performing functions within the building and site of the John F. Kennedy Center for the Performing Arts.)

I would like to thank the Chairman and the entire committee for allowing the Police Association of the District of Columbia to have this statement entered into the record.

The Kennedy Center

THE JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS

WASHINGTON D.C. 20566 0001
202 416-8000
FAX 202 416-8205

February 28, 1994

TO: Susan Brita, Staff Director
Subcommittee on Public Buildings and Grounds

FROM: Geraldine M. Otremska, ^{JM} Associate Managing Director
Government Liaison

RE: U. S. Park Police at Kennedy Center

You have requested that the Kennedy Center give you its views concerning the letter dated February 24, 1994, from Ralph Pfister, President of the Police Association of the District of Columbia.

Let me first say that the Board of Trustees and all Kennedy Center personnel have the highest regard for the dedication of the U.S. Park Police and their work at the Kennedy Center. It is Kennedy Center's intention to continue to provide the most secure environment for our visitors, patrons, artists, and employees within the limits of funding and personnel provided by the Administration in the FY95 budget.

Having carefully analyzed a six year record of incidents compiled by the Park Police, Kennedy Center will utilize the resources appropriated by Congress for FY95 to provide the most cost-effective security through contractual arrangements that will match resources to need. Entering into a cooperative agreement with the U. S. Park Police for response to certain needs is an option made available in the authorizing amendments under consideration by your Subcommittee.

The Park Police began providing security at the Center a year after the building's opening in 1971 and, since that time, they have provided a sense of safety and security for those working in and visiting the building. Mr. Pfister maintains that the current staffing pattern should be continued if jurisdiction is transferred from the Department of the Interior to the Board of Trustees. This argument is not, however, supported by the factual information presented by Mr. Pfister.

The letter implies that there have been great security risks by virtue of some 20,114 reported case incidents that Mr. Pfister states occurred at the Center from 1988 through June 1993. This

Memorandum to Ms. Susan Brita
February 28, 1994
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translates into 3,657 per year or 10 per day. Kennedy Center received this same data from the Park Police last year -- the first such reporting in the history of the relationship. The data was presented raw and was, therefore, analyzed as to content.

For 1993, fewer than 5% of all incidents reported required a police response. Over half of the total incidents referred to by Mr. Pfister involved "Found Property" (Lost and Found items) and "Escort" services to nearby banks. Our examination of this data, which is enclosed with this letter, indicates that a police response may have been required in only 5% of the incidents reported. In fact, it is likely that building security rather than police personnel would have been sufficient for most of the Kennedy Center's security needs. We believe that with the proposed option to contract with the U. S. Park Police or other police agencies, the Kennedy Center will be able to provide most cost-effectively for police and other building security.

Due to the limited availability of police resources and the need of the National Park Service for these resources in other parts of the National Park System, the Department of the Interior specifically asked that Kennedy Center not request the transfer of police and guard positions currently assigned here. For this reason and in light of the funding and positions made available in the Administration's FY95 budget request for Kennedy Center, we are prepared to provide building and visitor security needs with a cost-effective combination of contracted building security personnel and a police presence when required.

Mr. Pfister makes some other important observations, to which I also wish to respond. He mentions that the recent attack on the World Trade Center has led the Federal Bureau of Investigation to express concerns about the vulnerability of the Kennedy Center building. This information is new to the Kennedy Center and I am shocked that FBI concerns about the Kennedy Center building, where the Board is responsible for millions of patrons, have never been communicated to Kennedy Center management. This lack of communication is at the core of the justification for consolidating all activities at the Kennedy Center under a single management with authority and responsibility for the structure and the activities within it.

With respect to the visits of the President and other dignitaries, we are advised that the Secret Service and other responsible agencies will make appropriate provision for the security of these persons. The Kennedy Center appreciates the efforts that the National Park Service and U.S. Park Police have made to provide traffic management, photo identification within the building, and

Memorandum to Ms. Susan Brita
February 28, 1994
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video and guard controls at points of building ingress and egress. Many of these improvements were made at the specific request of the Board of Trustees. We look forward to achieving even greater improvements with the appropriate participation of the U.S. Park Police and other police and security agencies.

The authorizing legislation provides the Board of Trustees with the authority to enter into these and other similar contractual arrangements in order to carry out the responsibilities assigned to us. No additional costs will be incurred in hiring or training. The FTE's currently utilized by the Department of the Interior for the Park Police, guards, and clerical security personnel currently assigned to Kennedy Center are not carried in the Administration's FY95 budget request for the Center.

Thank you for the opportunity to respond to Mr. Pfister's views.

Encl.

John F. Kennedy Center for the Performing Arts
Analysis of Reported Police Case Incidents

Exterior Grounds & Plaza

Police Response Not Indicated	1988	1989	1990	1991	1992	1993	Total
8 Suspicious Package	0	0	0	5	0	0	5
13 Injured Person	55	125	107	76	84	47	494
14 Bldg. Entry Found Open	55	65	34	27	133	62	376
15 Building Alarm Off	51	77	132	134	119	36	549
16 Criminal Arrest Warrant	0	0	0	0	0	1	1
19 Injured Force Member	1	10	5	4	2	3	25
20 K-9 Search Routine	1	0	1	1	2	2	7
21 Larceny All Other	47	48	26	32	38	18	209
22 Larceny From Motor Vehicle	4	4	0	1	8	3	20
24 Presidential & VP Visits	3	13	7	5	4	3	35
26 Drunkenness [Not DWI]	1	1	1	0	0	1	4
27 Fraud	0	0	0	0	0	0	0
28 Missing Persons	3	1	1	1	0	0	6
31 Persons Found	4	1	6	5	3	0	19
32 Reservation Violation	0	0	1	4	2	1	8
34 Sick Person	30	40	42	32	48	23	215
38 Abandoned Vehicle	3	3	3	2	4	0	15
39 Aerial Support	1	0	0	2	2	1	6
40 Animals & Wildlife	2	5	0	1	2	0	10
41 Assistance to Other Dept.	14	11	6	2	5	2	40
42 Assistance to Citizen	88	91	42	36	86	34	377
43 Camping	0	0	0	0	1	0	1
47 Escort	315	336	350	336	455	450	2,242
48 Found Property	1,387	1,623	1,511	1,685	1,754	1,110	9,070
49 Liquor Law Offenses	1	0	0	0	0	0	1
50 Lost Property	10	24	26	30	24	8	122
52 Occasions & Events	217	755	728	735	748	358	3,541
53 Park Maintenance Need	135	133	41	50	48	10	417
55 Personnel Admin. Complaint	3	6	3	9	4	2	27
56 Security Check	4	8	5	7	6	4	34
57 Taxi License Violation	0	0	1	3	7	16	27
Total of Incidents	2,435	3,380	3,079	3,225	3,589	2,195	17,903

John F. Kennedy Center for the Performing Arts
Analysis of Reported Police Case Incidents

Exterior Grounds & Plaza

Police Response Required	1988	1989	1990	1991	1992	1993	Total
1 Accidental Death	0	1	1	0	0	0	2
2 Firearm & Weapons	1	1	1	0	0	1	4
3 Bomb Search	1	2	5	0	1	0	9
4 Bomb Threats	1	2	5	0	1	0	9
5 Fires [Non Arson]	8	3	6	2	4	1	24
6 Robbery Strong Arm, Firear	0	1	3	2	1	0	7
7 Suicide	0	0	0	0	1	0	1
9 Assault	2	0	2	3	2	2	11
10 Burglary Forceable entry	0	1	2	2	1	0	6
11 Driving While Intoxicated	2	1	1	0	0	3	7
12 Impersonating Police Off.	0	1	0	0	0	0	1
17 Disorderly Conduct [Non Sex]	8	9	2	4	6	5	34
18 Hazardous Condition	10	27	11	15	14	4	81
23 Possession of Drugs	2	1	0	2	0	0	5
25 Threats	1	0	1	3	1	1	7
29 Motor Vehicle Accident	4	18	14	24	27	13	100
30 Motor Vehicle Theft	1	1	1	0	0	0	3
33 Sex Offense [Indecent Exp.]	1	0	1	0	3	0	5
35 Stolen Property	0	1	1	0	0	2	4
36 Suspicious Person	10	21	14	10	11	8	74
37 Tampering	0	0	0	1	1	0	2
44 Damage to Property	9	5	22	18	20	11	85
45 Dead Tags & Altered Tags	1	1	0	1	0	0	3
46 Demonstrations	2	25	2	4	1	0	34
51 No Permit	1	2	1	4	1	3	12
54 Parking Violation	13	17	6	14	12	7	69
58 Traffic Moving Violation	16	25	2	12	15	3	73
59 Vandalism	9	0	9	21	3	7	49
60 Vending	0	2	0	1	0	0	3
Total of Incidents	103	168	113	143	126	71	724
Total Police Response Not Indicated	2,435	3,380	3,079	3,225	3,589	2,195	17,903
Total Police Required	103	168	113	143	126	71	724
Total	2,538	3,548	3,192	3,368	3,715	2,266	18,627
% of Incidents	13.63%	19.05%	17.14%	18.08%	19.94%	12.17%	

John F. Kennedy Center for the Performing Arts
Analysis of Reported Police Case Incidents

Interior of Building

Police Response Not Indicated	Year	1988	1989	1990	1991	1992	1993	Total
8 Injured Person		17	6	0	3	3	1	30
9 Bldg. Entry Found Open		8	4	2	0	0	0	14
10 Building Alarm Off		17	3	4	2	2	2	30
11 Disorderly Conduct [Non Sex]		3	1	0	0	1	0	5
13 Injured Force Member		1	0	0	0	0	0	1
14 K-9 Search Routine		0	0	0	0	0	0	0
15 Larceny All Other		9	6	1	5	3	1	25
16 Larceny From Motor Vehicle		1	0	0	0	0	0	1
18 Presidential & VP Visits		3	13	7	5	4	3	35
20 Drunkenness [Not DWI]		0	0	1	0	0	0	1
21 Fraud		1	0	0	0	0	0	1
22 Missing Persons		1	1	0	0	0	0	2
25 Persons Found		0	0	0	0	0	0	0
28 Sick Person		15	0	1	1	0	0	17
31 Abandoned Vehicle		0	1	0	0	0	0	1
32 Aerial Support		0	0	0	0	0	0	0
33 Animals & Wildlife		0	0	0	0	0	0	0
34 Assistance to Other Dept.		0	0	0	0	0	2	2
35 Assistance to Citizen		49	15	3	3	14	12	96
39 Escort		42	1	0	0	3	0	46
40 Found Property		350	283	3	8	1	0	645
41 Liquor Law Offenses		0	0	0	0	0	0	0
42 Lost Property		6	0	0	1	0	0	7
44 Occasions & Events		512	3	0	1	0	0	516
45 Park Maintenance Need		30	12	3	0	1	0	46
47 Personnel Admin. Complaint		0	0	0	0	0	0	0
48 Security Check		0	1	0	0	0	0	1
49 Taxi License Violation		1	0	0	0	0	0	1
Total of Incidents		1,066	350	25	29	32	21	1,523

**John F. Kennedy Center for the Performing Arts
Analysis of Reported Police Case Incidents**

Interior of Building

Police Response Required	Year	1988	1989	1990	1991	1992	1993	Total
1 Accidental Death		0	0	0	0	0	0	0
2 APO Firearm		0	0	0	0	0	0	0
3 Bomb Search		1	3	1	3	1	0	9
4 Bomb Threats		1	3	1	3	0	0	8
5 Fires (Non Arson)		4	2	0	0	0	0	6
6 Assault		1	0	0	0	1	0	2
7 Driving While Intoxicated		0	0	0	0	0	0	0
12 Hazardous Condition		1	0	0	1	1	0	3
17 Possession of Drugs		1	0	0	0	0	0	1
19 Threats		0	0	0	0	0	0	0
23 Motor Vehicle Accident		10	3	0	1	2	2	18
24 Motor Vehicle Theft		0	0	0	0	0	0	0
26 Robbery		0	1	0	1	0	0	2
27 Sex Offense [Indecent Exp.]		0	0	0	0	0	0	0
29 Suspicious Person		2	3	1	0	0	0	6
30 Tampering		0	1	0	0	0	0	1
36 Damage to Property		1	0	1	1	0	0	3
37 Dead Tags		0	0	0	0	0	0	0
38 Demonstrations		0	0	0	0	0	0	0
43 No Permit		0	0	0	0	0	0	0
46 Parking Violation		5	0	0	0	0	0	5
50 Traffic Violation		1	0	0	0	0	0	1
51 Vandalism		3	2	0	0	0	0	5
52 Vending		0	1	0	0	0	0	1
Total of Incidents		31	19	4	10	5	2	71
Total Police Response Not Indicated		1,066	350	25	29	32	21	1,523
Total Police Response Required		31	19	4	10	5	2	71
Total		1,097	369	29	39	37	23	1,594
% of Incidents		68.82%	23.15%	1.82%	2.45%	2.32%	1.44%	

Mr. TRAFICANT. I don't have any specific questions of you. I am glad to see that we were able to work together in the transfer and the new change towards new operation and maintenance control and planning is in the board. I think it cuts off an awful lot of duplication, a lot of different hands in the soup. I think it worked well.

It was refreshing to hear Mr. Stanton's remarks. The National Park Service has done a great job.

Mr. STANTON. Thank you, kindly.

Mr. TRAFICANT. There is a lot of work yet to be done, but I think with the attitude and cooperation that has come forth there should be no problem, from what I see.

Mr. Petri, do you have any questions?

Mr. PETRI. I'd like to underline and associate myself with your commendation for the Park Service. We understand that turf is important in Government, and in any human institution.

Mr. STANTON. Thank you.

Mr. PETRI. I'm glad that you have looked at the overall problem and accommodated your organizational imperatives, so to speak, to the needs of getting a more effective Kennedy Center and getting the job done.

Mr. Wolfensohn, you are hacking one thicket after another in this thing, and I think some of it is not very pleasant, but it is important that it be done, and it is hard to do. I commend you for the progress you have made already on the new blueprint, your updated blueprint that is embodied in this legislation.

I guess I just had one or two questions. One is that, Mr. Chairman, our colleague, John Myers, on the Appropriation Committee, had a series of questions he would like to submit for the record for response.

Mr. TRAFICANT. Without objection, so ordered.

[The questions from Mr. Myers and responses thereto follow:]

Responses to questions from Rep. Myers:**Do you plan on contracting out the work of some NPS employees and eliminating some or all of these positions?**

H. R. 3567 authorizes the transfer of NPS employees at Kennedy Center to the Board of Trustees. The Administration's FY95 budget request provides funding for 55 FTE's. These employees will be transferred with all rights and benefits under Title 5 as Civil Service employees. In addition to these customary rights, each employee will retain the right of transfer for up to three years, without loss of seniority, back to the Department of the Interior. Kennedy Center has no plans to eliminate any of these positions.

I am concerned about language in the bill, page 11, lines 20-24, that states "Nothing contained herein shall, following the transfer specified herein, be deemed to prohibit the Board of Trustees from reorganizing functions at the Center in accord with the law governing such reorganizations." Does this not give you the authority to eliminate any employees you desire?

No, the bill gives us no greater authority than any other federal agency has to eliminate any employees it desires. The Kennedy Center has no plans to eliminate positions. Even if it desired to do so, federal personnel statutes and regulations place restrictions on federal agencies' rights to reorganize and effect reductions-in-force. For the 55 FTE's to be transferred, the Kennedy Center will be subject to the same restrictions as every other federal agency.

While the Administration has indicated that there may be substantial reductions-in-force in the Interior Department, we have no indication that there will be a similar reduction in the 55 FTE's to be transferred to the Kennedy Center. The transferred employees, therefore, may be better insulated from loss of employment than they might otherwise have found themselves.

Are you satisfied with the performance of the Park Police?

I have stated on many occasions my continuing regard for the expert law enforcement provided by the U. S. Park Police at Kennedy Center and elsewhere in the National Capital Region. The nature of building security and law enforcement needed at Kennedy Center requires a different combination of building security personnel and of police than we currently have. The Park Police compiled a six-

year record of all case incidents to which they responded or provided assistance. This report was very timely because it provided the Board of Trustees with the first-ever overview of security matters at the Kennedy Center. We then analyzed and categorized the 20,000 incidents detailed over six years in order to understand our security needs.

The results suggest that under 4% of incidents on the exterior of the building and under 5% of interior building incidents required an on-site armed police response. On the grounds, motor vehicle incidents, parking violations, and damage to property constitute nearly half of the total incidents for which a police officer was reported but likely was not required. As to the interior of the building, lost and found property is the single largest category -- one-third of the total.

We are satisfied with the performance of law enforcement provided by the Park Police. In point of fact, however, the data supplied by the U. S. Park Police suggests that security may be provided with a significant reduction in police presence, to be offset by a substantial increase in less costly building security personnel augmented by the police.

We are undertaking a comprehensive and professional evaluation to determine the proper mix of personnel, but expect that Kennedy Center can most cost effectively provide security by a combination of contracted building security and by entering into a cooperative agreement with the U. S. Park Police to provide the law enforcement and visible security presence that we will require.

Do you have any objection to specifying in the legislation that the "U. S. Park Police maintain law enforcement and security responsibilities within the confines of the John F. Kennedy Center for the Performing Arts."

Yes; for the reasons stated above. It is far more cost-effective for Kennedy Center to contract for an appropriate mix of contracted building security and other personnel to handle the lost and found and building escort requirements that have been the greatest utilization of the Park Police currently assigned to Kennedy Center. These are highly trained officers and deserve to be used where their expertise is required. Such language would not allow the Board of Trustees the flexibility to further streamline the security operations at the Center and would needlessly increase the costs to the government of providing security and related functions in the building.

I understand this bill authorizes \$21 million per year for the next five fiscal years, is this correct?

Yes.

Please detail what capital improvements are needed at the Kennedy Center and the approximate cost of each project.

Kennedy Center and NPS staff with responsibility for capital repairs have prepared a program for FY94 and FY95, a copy of which is attached. Under the terms of H. R. 3567, Kennedy Center will develop a comprehensive master plan that will detail needs and costs for the remaining four years authorized by the bill. Obligations for FY94 and FY95 are anticipated to total \$39.804 million, utilizing \$18.6 million in currently available funds, FY94 appropriations of \$12.697 million and projected FY95 appropriations of \$9.0 million.

The Washington Post

AN INDEPENDENT NEWSPAPER

Kennedy Center Housekeeping

LEGLISLATION to streamline the Kennedy Center's financial structure has now emerged from a trouble-free subcommittee hearing. It is best understood as a useful collection of long-overdue housekeeping matters.

"It's historical accident that the Parks Department, not the center or its board of trustees, gets money from Congress to handle all maintenance and everything having to do with the non-theater parts of the by-now rather decrepit edifice. The building is, after all, a presidential monument, and 4 million nonpaying tourists troop through it annually, not to attend the shows but to look at the bust of JFK. The founding legislation had put the money for the public-monument function under Kennedy Center auspices. But visitors proved so emotional about the slain president's memorial that thousands of them took away "souvenirs"—bits of carpet, drapes, fixtures, tiles—till the center called for outside reinforcements.

As for the rest of the budget, the center itself, as a performing arts center, raises money from ticket sales and the private sector and uses it to run the actual insides of the theaters. No public money was intended to go to programming, and except for some arts education money, that's still the case.

Center chairman James Wolfensohn's complaints about this weird budget bifurcation are both abstract (you can't plan ahead for a business when you never even get to see a quarter of the budget) and pragmatic (the people putting on performances can never anticipate when a noisy cleaning or repair crew will show up). Under the proposed legislation, the system would be converted to basically the setup now used for the Smithsonian, where the public money would be funneled to the board and chairman and overseen by Congress. (Predicted efficiencies mean the budget request in the new bill is slightly lower than last year's.)

The bill would also shorten the terms of presidentially appointed trustees from 10 to six years, nudging it toward the average of arts institutions sustained by private as opposed to public money. There's always been scattered skepticism about the fund-raising potential of trustees spread widely across the country and replaced at so slow a rate. Like the proposed financing shifts, this one would be straightforward. The local arts scene will benefit if the Kennedy Center gets the changes it wants.

Mr. PETRI. I notice in your testimony you have an information highway initiative having to do with Art's Edge. Have people in your organization been in contact with people in Mr. Billington's organization at the Library of Congress to review what they are doing?

I think what they are trying to do is comparable, and there are probably some things you could do either working together or learning from each other.

Mr. WOLFENSOHN. Mr. Billington is a member of our board, is a very close friend, and is someone with whom we have discussed this matter right from the beginning, so we are working closely with both the Library and Billington, and with the Department of Education, who also has some initiatives in this context.

I believe that we are trying to garner the best that the Government, in general, has on the subject, and hopefully we'll give it a focus at the Kennedy Center on the question of information on arts education.

Mr. PETRI. Have things quieted down from the strike now? Do you feel you have control of the costs? I know you—

Mr. WOLFENSOHN. We are very happy to be able to say to you, Mr. Petri, that we have completed—subject only to signature—all our negotiations with the labor unions at the Kennedy Center.

We have a wage freeze from all unions in the first year. For most of the unions we have a limit of a 2 percent increase in the second and third year. And for one of the unions, in fact, there is no increase in the second year but a 4 percent increase in the third year. This is a remarkable achievement because it gives us three years of looking forward to industrial peace at a very limited cost, and I am very grateful to the members of the union for the fact that they have accommodated us in this context, as I am with our administrative staff that has had only two raises in the last four years.

So I believe we have cost under control. And, if I may, the whole point of what we are trying to do during the next three years is to run the place fiscally soundly so that we can reduce and obliterate the carried-forward deficit of \$5.3 million. And we can, of course, only do that with the cooperation of the unions and our administrative staff.

I'm very happy to report to you that they have been extraordinarily compliant and helpful in what they have been doing.

Mr. PETRI. I again would like to congratulate you on the progress you have made in that regard. I recall a quote—I will get it slightly wrong—at the height of all this you said you were the bearer of bad news, so to speak, rather than the person who was trying to create the bad news. There is a market out there and there are costs, and you people have to adjust to that market in order to have a successful operation, and I think you are making progress in doing that. I commend you.

People are not going to contribute if money goes in one door and then goes out the other door without any real change in what the visiting public sees in terms of performances and other things.

Congratulations, and thank you for your testimony.

Mr. WOLFENSOHN. Thank you.

Mr. TRAFICANT. Mr. Duncan, did you have another concern?

Mr. DUNCAN. Mr. Wolfensohn, just briefly, I would consider it—it would seem to me that it would be a great honor to serve on the board there, and even when this legislation passes it really has the effect of giving the board and you more power over what is happening, and I think that's good.

But what you have now is you have many—in fact, I guess all of the board are outstanding people, but I also understand that several of them have not been able to attend regularly or be real active in the affairs of the Kennedy Center, and I certainly wouldn't want you to criticize—I'm not asking you to criticize, and I'm not, but we are shortening the terms of the board members from ten years to six years in this legislation, and it would seem to me that it would be important to, in the future, get board members that are on there more than for the honorary status or the glory or the show. Do you understand what I'm getting at?

Mr. WOLFENSOHN. I understand it very well, Mr. Duncan, and I—

Mr. DUNCAN. We have to have an active board of directors and board of trustees if you are going to make this legislation work, it would seem to me.

Mr. WOLFENSOHN. There is no question that there is a need at board level to give support both in terms of strategy, and in particular in terms of fund-raising from the private sector.

We have attempted to encourage the board to participate in the fund-raising efforts with a really firm hand, and I have discussed the question of appointments with the Administration. Where there are vacancies, I believe that the present Administration is mindful of the need to make appointments of people who not only are distinguished, but have a real interest in working for the furtherance of the Kennedy Center and understand that in being appointed their role is not merely as a recognition of their achievement, but the beginning of years of hard work.

Mr. DUNCAN. How often is the board meeting now?

Mr. WOLFENSOHN. The board meets four times a year. And what we have are some committee meetings between board meetings. And we have also formed a community board which is a very, very important addition and which brings us very much closer to the community in which we are operating and where we are able to make appointments that are reflective of the construction of the community.

The bill before you speaks to a reduction of term from ten years to six years, which will allow us, I believe, to rejuvenate this board and give us an opportunity, at least every six years, to judge the performance of trustees and to bring to the attention of the president of the day the performance of those trustees and give at least an opportunity for the president to make appointments of the people of the type you described.

Mr. DUNCAN. All right. Thank you very much.

Mr. TRAFICANT. Any other questions?

[No response.]

Mr. TRAFICANT. I want to thank both of you for testifying. We will do all that we can to help expedite the process. We appreciate the cooperation that we have seen there, and I think that's why these are very few problems. Let's hope that you can continue to

raise funds in the private sector and keep politicians out of your pocket and you'll do just fine.

As far as the Park Service is concerned, as Ms. Norton says, deal with some of those higher crime rate types of areas which your people are especially trained to do. Coming from a law enforcement background, I know that's not a walk in the park for you there. We are proud of you.

Thank you very much for testifying. We're glad to have you here.

If you have any concerns, place them before us at any time. We're looking to communicate further with you.

Mr. STANTON. Thank you very much.

Mr. WOLFENSOHN. Thank you, Mr. Chairman.

Mr. TRAFICANT. This concludes today's hearing.

[Whereupon, at 9:18 a.m., the committee proceeded to further business.]

PREPARED STATEMENTS SUBMITTED BY WITNESSES

STATEMENT OF ROBERT STANTON, REGIONAL DIRECTOR, NATIONAL CAPITAL REGION, NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR, BEFORE THE HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION, SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS TO DISCUSS H.R. 3567, A BILL TO AMEND THE JOHN F. KENNEDY CENTER TO TRANSFER OPERATING RESPONSIBILITIES TO THE BOARD OF TRUSTEES OF THE JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS.

March 2, 1994

Mr. Chairman, I appreciate the opportunity to provide your subcommittee with the views of the Department of the Interior in support of H.R. 3567, a bill to amend the John F. Kennedy Center Act to transfer operating responsibilities from the National Park Service to the Board of Trustees of the John F. Kennedy center for the Performing Arts. The bill is identical to draft legislation submitted to the Congress by Secretary of the Interior Bruce Babbitt on November 18, 1993, with the recommendation that the bill be enacted.

Authorized in 1958 as the National Cultural Center, the Center was redesignated the John F. Kennedy Memorial Center for the Performing Arts in 1964. Further, the Center is, by law, the sole official memorial to the late President in the District of Columbia.

Shortly after the facility's opening in 1971, it was recognized that the Center would be used not only by patrons of the arts, but also by national and international visitors to the Capital City who wished to see the memorial to our 35th President. In responding

to this unenvisioned use, the Congress amended the John F. Kennedy Center Act to provide \$1.5 million for fiscal year 1972 and transferred to the Secretary of the Interior, acting through the National Park Service, responsibility for the maintenance, security, and other services necessary to the non-performing arts function of the Center.

Since that time, the National Park Service has continued to fulfill this responsibility providing services to over 1,500,000 square feet of usable floor space, including 6 theaters; offices; restaurants; 23 elevators; 6 sets of escalators; over 100 public restrooms; 14 mechanical rooms housing complex electrical, air conditioning, heating and plumbing systems; 1,440 space parking garage; valuable lighting fixtures; and national treasure that are gifts from foreign countries.

As early as 1984, fiscal constraints began to limit the National Park Service program at the Kennedy Center. At that time, the uniformed rangers providing visitor services were replaced by National Park Service financial support to the theater ushers who were then charged with providing visitor information concerning the facility.

The John F. Kennedy Center Act delegated to the Board of Trustees the responsibility for both of the capital improvements of the facility, and the performing arts program. In 1988, the Center,

as well as National Park Service staff, identified major structural problems in the parking garage. Congress appropriated to the National Park Service \$900,000 to begin plans and specifications for the correction of these problems, with follow-on funds of \$4 million appropriated in 1990, to begin construction repair. Nevertheless, until enactment of Public Law 101-449 in 1990, the National Park Service had no explicit authorization to conduct capital repairs of the building. Public Law 101-449 authorized \$30,512,000 for repair of the structure.

Starting in fiscal year 1991, the President's budget request, consistent with the authorization provided in P.L. 101-449, included funds for the repair of exterior marble, mechanical systems, deferred maintenance projects, and accessibility. Estimates for this work were based on a study of the facility prepared for the Board of Trustees by the architectural/engineering firm, Cushman Wakefield.

The National Park Service, Department of the Interior, and the Kennedy Center Board have concurred that the needs of the Center may best be addressed by placing responsibility for its management with a single entity. The Center's role as the National Cultural Center clearly indicates where that responsibility should rest.

Although the John F. Kennedy Center will be removed from the National Park System, it will remain a memorial to our 35th

President. The National Park Service will stand ready to assist in the preservation of this resource and we encourage the Board to draw upon our professional expertise.

Mr. Chairman, I would be please to answer any questions.

The Kennedy Center

THE JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS



WASHINGTON, D.C. 20566-0001
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TESTIMONY BY JAMES D. WOLFENSOHN, CHAIRMAN

THE JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS

BEFORE THE HOUSE COMMITTEE ON PUBLIC WORKS &
TRANSPORTATION

SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

Wednesday, March 2nd, 1994 at 8:30 a.m.

Accompanied by:

Lawrence J. Wilker, President

William Becker, General Counsel

Clifton Jeter, Chief Financial Officer

Geraldine Otremba, Associate Managing Director/ Government Liaison

David Slingerland, Director of Design and Construction

Beth Newbold, Director of Building Services

Mr. Chairman and Members of the Subcommittee, I am James Wolfensohn, chairman of the Kennedy Center. With the Chairman's permission, I would like to make my full testimony available for the record and to acknowledge my management colleagues from the Kennedy Center. I am delighted at the opportunity to appear before you today with Bob Stanton, Director of the National Park Service, National Capital Region.

This is my fourth appearance before the Subcommittee on Public Buildings and Grounds and perhaps occurs at a time when the Subcommittee has the opportunity -- as it has on many previous occasions but particularly in 1964 and 1972 -- to provide legislative guidance that will greatly impact the future direction of the Kennedy Center. This Subcommittee has also been extremely supportive and helpful to my efforts -- since I became chairman of the Kennedy Center in 1990 -- to improve both the management and accountability of the Center. I want to thank you, Mr. Chairman, along with the Members and staff of the Subcommittee and the full Committee for the leadership they have devoted to the needs of the Kennedy Center.

In previous hearings, I brought before you the issues that have led us to where we are today. In 1990 I asked the Subcommittee to examine the need for capital repairs at the Center and the Subcommittee responded with legislation, as did the Senate, that statutorily authorized the National Park Service to request funding for capital improvements. Congress also authorized \$30.5 million to NPS for capital repairs in FY91 and FY92.

The Subcommittee's hearing and subsequent Committee report urged the National Park Service and Kennedy Center Board of Trustees to address their joint responsibility for maintaining and overseeing the operation of the Kennedy Center building. With mutual respect for the other's priorities, the Park Service management -- under Roger Kennedy and Bob Stanton's able direction -- began to explore with Kennedy Center management a realignment of responsibilities for annual maintenance and also for capital repair that would transfer these responsibilities from the Park Service to the Board of Trustees.

The Administration's final review of our deliberations resulted in the two bills submitted by the Department of the Interior -- H. R. 3567 and S. 1717 -- and the President's 1995 budget request. Our discussions over many months to clarify responsibilities against the backdrop of the building's need for immediate and coordinated annual maintenance and capital repair only served to crystallize the need for effective and coordinated overall management of the

facility -- a conclusion that the GAO supported in its February 1993 report. The bill before you centralizes and transfers responsibility for annual maintenance and capital repairs from the Department of the Interior to the Board of Trustees, which is ultimately responsible for this living memorial. The bill allows the Center to balance the schedules and requirements of a complex maintenance and repair program with the operational requirements of a performing arts institution, dependent on ticket receipts and private contributions, that also serves as a destination point for millions of tourists.

Members of this Subcommittee are very familiar with my personal conviction that the Chairman of the Kennedy Center must have appropriate accountability and responsibility in the Board's relationship with the Congress and the Executive Branch. A five-year authorization as requested will give the Board of Trustees control and responsibility for the expenditure of funds appropriated for the Center by Congress and increase the operational efficiency of the Center for its four million annual patrons and visitors.

Before I summarize for you the basic changes included in the bill before you, let me tell you that the legislation affirms the fundamental mission of the nation's living memorial to President Kennedy, and it also leaves unchanged the following:

- The Board of Trustees will continue to be responsible for the overall administration of the Kennedy Center. Our status as an independent bureau of the Smithsonian Institution -- a status dating from the inception of the Center in 1958 -- will not change.
- The performing arts mission of the Center continues but the bill before you more clearly articulates our responsibilities as the Nation's Center for the Performing Arts. These activities are reflected in the Center's annual \$74 million operating budget which will continue to be funded by ticket sales and annual grants and contributions. Even in a difficult economy, the Center last year raised \$17.5 million in grants and contributions; our target this year is \$20.0 million. I would like to submit for the record our annual audit and report of programming activity for FY93.
- Similarly, H. R. 3567 more clearly defines the Kennedy Center's educational purpose for our national programs, our model programs both around the nation and in the greater Washington, D. C. area and our significant outreach into the local community of 14 school districts but, most particularly, the District of Columbia schools. I would like to submit for the record a full report of our entire Education Program but highlight here several programs of possible special interest to the members of this Subcommittee.

1. The Kennedy Center is pilot-testing the first portion of the information superhighway to be devoted to the arts; we call it ArtsEdge. It will allow teachers, parents, and community arts organizations around the country to find and emulate effective classroom practices in arts education.

2. The Kennedy Center has created American Residencies for the National Symphony Orchestra. Right now 110 musicians are conducting more than 175 performances, educational events, and training opportunities for children, their teachers, and families across the state of Louisiana. Last year, we pioneered this program in Alaska.

3. The Kennedy Center initiated this year a three year dance initiative with the renowned Dance Theater of Harlem intended to bring lecture/demonstrations, workshops, live performances, student and teacher training throughout the metropolitan Washington area. Our partners in this enormous community outreach effort include the Duke Ellington School of the Arts in Washington, D. C., the Nannie J. Lee Recreation Center in Alexandria, Virginia, and the Suitland High School for Visual and Performing Arts in District Heights, Maryland.

When Arthur Mitchell, the distinguished founder and artistic director of Dance Theater of Harlem came to Kennedy Center to announce the partnership, he articulated the goals of the

residency. These goals include not only inculcating a joy in the art of dance and the discovery of new talent, but also through the discipline of dance to give our children the inner strength, the belief in themselves needed to survive a challenging and difficult world.

4. Similarly, the Arts Enterprise Zone brings the resources of the Kennedy Center, the Levine School of Music, the Washington Parent Group Fund, and the Washington Performing Arts Society to five D. C. public schools -- from elementary through senior high school -- to contribute to a learning environment that fosters positive student development. Principals of the schools that participate in the program have seen the tangible results in their students' attendance, motivation to excel in all areas of school, increased enthusiasm by their teachers, and greater parent participation in the life of the schools.

5. On a national scale, Kennedy Center offers the Performing Arts Centers and School Partnership, designed to expand educational partnerships between performing arts institutions and school systems. Such partnerships will be critical if schools around the nation are successfully to strive to meet the National Education Goals for achieving world-class standards in the arts. We have just completed our first nationwide gathering of teams selected since 1991 to participate in this program: 37 partnership teams in 31 states that have created more than 400 new programs for teachers in their communities.

Let me now return to the bill before you to highlight what will change under the proposed legislation:

- Responsibility for operations, maintenance, repair, security, and interpretation of the Kennedy Center building and its theaters will be transferred from the Department of the Interior to the Kennedy Center Board of Trustees. The Board and its management will be responsible and, for the first time, directly accountable to the Congress and the Executive Branch. The current inefficient dual management of maintenance, repair, cleaning, etc. will be unified under the single management of the Board of Trustees, responsible to the Executive Branch and the Congress for the receipt and expenditure of federal funds.
- Responsibility for planning, design, and construction of future capital repairs will be transferred from the Department of the Interior to the Board of Trustees. While we have been able to learn much helpful information from the studies that have been undertaken by NPS since 1991, we will be assuming responsibility for the creation of a Comprehensive Master Plan to guide and inform future repair needs. What will remain absolutely unchanged for all work undertaken with appropriated funds is strict adherence to federal procurement, contracting, auditing, reporting requirements, and on-going oversight provided by this Subcommittee.

- Existing property, liabilities, contracts, records, unexpended balance of appropriations, and authorizations entrusted currently to NPS for operation of the Kennedy Center building and other Center functions will be transferred to the Center's Board of Trustees on or before October 1, 1995 as the Board and Secretary of the Interior may agree. Repair contracts entered into by the Park Service will be transferred to the Board of Trustees, as will collective bargaining agreements covering transferred employees.

- We have been particularly concerned that the loyal employees who have worked for the National Park Service at Kennedy Center, and who will continue to be responsible for duties related to functions the Board will assume, retain their rights, benefits, and seniority provided under title 5 of the United States Code.

There are 55 FTEs that are proposed for transfer in the 1995 budget request approved and forwarded by the President to the Congress. We sincerely hope that these 55 employees choose to transfer and become employees of Kennedy Center. Should they choose to do so, and as a further protection, these employees will retain their seniority and right to transfer back to available positions within the Department of the Interior for three years. I would like to submit for the record the organization of the employees that the bill would transfer to the Kennedy Center.

United States Park Police and NPS security guards on assignment at the Kennedy Center will remain employees of the National Park Service.

I want to take a moment to comment upon the loyalty and dedication of the NPS staff assigned to Kennedy Center -- managers, electricians, plumbers, locksmiths, groundskeepers, park rangers -- many of whom have made the Kennedy Center their place of employment virtually since the building's opening. The Kennedy Center is an enormous, complex facility that is staffed 24 hours per day, 365 days per year. As the facility has aged and its systems deteriorated, more and more has been asked of the maintenance and operations staff. It is my hope that the potential for a single, unified management will assist the efficient operation of this workforce.

● Finally, a change will be made in the terms of the Kennedy Center's 30 board members, appointed by the President of the United States, with a decrease in a Board term from 10 years to 6. This change, as proposed by the Administration, will allow the flexibility to bring future appointments more into line with our need to continually expand private fundraising to support the Kennedy Center's performing arts responsibilities.

Mr. Chairman, in order to approach the task of preparing a Comprehensive Master Plan in a business-like fashion and to lay out

for the Subcommittee in the years ahead the priorities for repair, we are requesting a five-year authorization of \$12.0 million annually for operations and maintenance and \$9.0 million annually for capital repair. We welcome your annual review of this plan, our accomplishments, our efficiencies, and hopefully, only occasionally, our oversights. We look forward to a close working relationship with this Subcommittee.

Mr. Chairman, you and members of the Subcommittee have the Administration's authorizing amendments for the Kennedy Center before you, as well as the President's 1995 budget request for the Center that represents a modest decrease from the overall funding level of previous years. It is a request that Kennedy Center management feels is responsive to the priorities we have established for increasing annual preventive maintenance for the entire building and establishing a coherent on-going capital repair program that will not impede the performing arts operations in the building.

I have sought this change for some time because I have felt it to be of the utmost importance that the Kennedy Center management enjoy both responsibility and accountability for the building, its theaters, as well as its performing arts and education activities. We will submit our plans to you on an annual basis and be held accountable for our actions. As you review our actions and

hopefully build confidence in our abilities and achievements, I hope that you would support us. If we fail in any significant measure, I would ask you to replace us. Such an arrangement has to be in the Kennedy Center and the nation's best interest.

I would like to conclude my prepared statement at this point and answer any questions that you might have.

ARTHUR
ANDERSEN

ARTHUR ANDERSEN & CO SC

The Kennedy Center

THE JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS

Financial Statements

As of October 3, 1993 and September 27, 1992

Together With Auditors' Report and Schedule of Programming

ARTHUR ANDERSEN & CO.

Report of Independent Public Accountants

To the Board of Trustees of
The John F. Kennedy Center for the Performing Arts:

We have audited the accompanying balance sheets of The John F. Kennedy Center for the Performing Arts and the National Symphony Orchestra (a not-for-profit organization created by an act of the United States Congress - the "Center") as of October 3, 1993, and September 27, 1992, and the related statements of operations, changes in fund balances (deficit) and cash flows for the fiscal years then ended. These financial statements and the schedule referred to below are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The John F. Kennedy Center for the Performing Arts and the National Symphony Orchestra as of October 3, 1993, and September 27, 1992, and the results of their operations and their cash flows for the fiscal years then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The statement of programming - operating fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Arthur Andersen & Co.

December 10, 1993
Washington, D.C.

THE JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS
AND THE NATIONAL SYMPHONY ORCHESTRA

BALANCE SHEETS

AS OF OCTOBER 3, 1993, AND SEPTEMBER 27, 1992

ASSETS

	1993			1992		
	Operating Fund	Restricted and Designated Funds	Fixed Asset Fund	Total All Funds	Total All Funds	
CURRENT ASSETS:						
Cash and cash equivalents	\$ 11,585,281	\$ 473,471	\$ —	\$ 12,058,752	\$ 9,656,849	
Accounts receivable, net of allowance	1,057,056	139,643	—	1,196,699	1,290,964	
Prepaid expenses	3,185,859	—	—	3,185,859	6,368,083	
Investments in productions	472,600	—	—	472,600	718,000	
Gift shop inventory	370,207	—	—	370,207	298,502	
Pledges receivable, net of allowance	2,959,760	289,629	—	3,249,389	3,617,136	
Interfund balances	714,401	(714,401)	—	—	—	
Total current assets	20,345,164	188,342	—	20,533,506	21,949,534	
OTHER ASSETS:						
Long-term pledges receivable, net of allowance	701,714	2,268,968	—	2,970,682	4,207,921	
Marketable securities	—	42,524,420	—	42,524,420	36,922,486	
and other investments, at market (Note 1)						
Land, building, improvements and equipment, net of accumulated depreciation (Note 4)	—	—	49,992,885	49,992,885	52,275,975	
Total other assets	701,714	44,793,368	49,992,885	95,487,987	93,406,382	
TOTAL ASSETS	\$21,046,878	\$44,981,730	\$49,992,885	\$116,021,493	\$115,355,916	

The accompanying notes are an integral part of these balance sheets.

THE JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS
AND THE NATIONAL SYMPHONY ORCHESTRA

BALANCE SHEETS

AS OF OCTOBER 3, 1993, AND SEPTEMBER 27, 1992

LIABILITIES AND FUND BALANCES

	1993			1992		
	Operating Fund	Restricted and Designated Funds	Fixed Asset Fund	Total All Funds	Total All Funds	
CURRENT LIABILITIES:						
Accounts payable and accrued liabilities	\$ 4,388,974	\$ -	\$ -	\$ 4,388,974	\$ 3,430,232	
Future performance receipts	10,465,121	-	-	10,465,121	12,205,618	
Deferred grants and contributions	6,022,221	1,095,218	-	7,117,439	7,963,477	
Other deferred revenue	1,036,720	-	-	1,036,720	832,552	
Obligations under capital leases	-	-	-	-	40,441	
Obligation to U.S. Treasury (Note 5)	-	-	200,000	200,000	200,000	
Loan payable – current portion	197,752	-	-	197,752	-	
	222,110,788	1,095,218	200,000	23,406,006	24,672,320	
	Total current liabilities					
LONG-TERM LIABILITIES:						
Deferred grants and contributions	651,666	-	-	651,666	303,833	
Accrued pension cost (Note 10)	3,268,522	-	-	3,268,522	3,005,589	
Loan payable (Note 6)	394,387	-	-	394,387	391,947	
Obligation to U.S. Treasury (Note 5)	-	-	4,400,000	4,400,000	4,600,000	
	4,314,575	-	4,400,000	8,714,575	8,301,369	
	TOTAL LIABILITIES					
	26,425,363	1,095,218	4,600,000	32,120,581	32,973,689	
CONTINGENCIES AND COMMITMENTS (Note 7)						
FUND BALANCES (DEFICIT)	(5,378,485)	43,886,512	45,392,866	83,900,912	82,382,227	
TOTAL LIABILITIES AND FUND BALANCES	\$21,046,878	\$44,981,730	\$49,992,885	\$116,021,493	\$115,355,916	

The accompanying notes are an integral part of these balance sheets.

**THE JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS
AND THE NATIONAL SYMPHONY ORCHESTRA**

STATEMENTS OF OPERATIONS

FOR THE FISCAL YEARS ENDED OCTOBER 3, 1993, AND SEPTEMBER 27, 1992

	1993			1992
	Operating Fund	Restricted and Designated Funds	Fixed Asset Fund	Total All Funds
OPERATING REVENUES:				
Box office receipts	\$39,318,188	\$ -	\$ -	\$29,304,558
Theater license fees	7,417,172	- -	- -	4,349,287
Occupancy fees	148,276	- -	- -	125,667
Gift shop sales, net of cost of sales of \$958,923 in 1993 and \$526,768 in 1992	664,355	- -	- -	664,355 503,295
Concessions	1,967,627	- -	- -	1,967,627 1,974,256
Investment income, gains and losses (Note 1)	2,030,172	3,817,904	- -	5,848,076 3,779,390
Membership fees	1,029,762	- -	- -	1,029,762 860,489
Estimated value of donated services (Note 8)	471,849	- -	- -	471,849 429,956
Royalties and share of profits	676,602	- -	- -	676,602 653,825
Other	3,925,104	- -	21,187	3,946,291 2,927,675
Total operating revenues	<u>57,669,107</u>	<u>3,817,904</u>	<u>21,187</u>	<u>61,506,188</u> <u>44,908,398</u>
OPERATING EXPENSES:				
Attractions' share of receipts	39,318,188	- -	- -	39,318,188 29,304,558
Theater operating expenses (net of reimbursed expenses of \$32,069,919 in 1993 and \$23,715,679 in 1992)	810,365	- -	- -	810,365 485,806
Indirect and administrative expenses	12,755,039	381,910	1,480	13,138,429 10,744,413
Fund-raising expenses	2,258,061	- -	- -	2,258,061 2,215,722
Interest	78,701	- -	- -	78,701 44,415
Depreciation	- -	- -	3,110,415	3,110,415 2,899,932
Maintenance and repairs	825,870	- -	- -	825,870 827,232
Share of National Park Service expenses	1,465,994	- -	- -	1,465,994 1,457,782
Estimated value of donated services (Note 8)	471,849	- -	- -	471,849 429,956
Total operating expenses	<u>57,964,067</u>	<u>381,910</u>	<u>3,111,895</u>	<u>61,477,892</u> <u>48,409,618</u>
OPERATING SURPLUS (DEFICIT) BEFORE PROGRAMMING AND CONTRIBUTIONS	<u>(314,980)</u>	<u>3,435,994</u>	<u>(3,080,708)</u>	<u>30,306</u> <u>(3,501,220)</u>
PROGRAMMING:				
National Symphony Orchestra programming costs	(10,386,430)	- -	- -	(10,386,430) <u>(6,110,490)</u>
National Symphony Orchestra designated support	5,293,615	- -	- -	5,293,615 <u>3,993,612</u>
NSO programming net deficit	(5,092,815)	- -	- -	(5,092,815) <u>(4,116,676)</u>
Kennedy Center programming costs	(6,213,278)	(398,250)	- -	(6,611,526) <u>(7,813,177)</u>
Kennedy Center designated support	3,981,510	408,674	- -	4,390,184 <u>5,488,363</u>
KC programming net (deficit)/surplus	(2,231,768)	10,424	- -	(2,221,344) <u>(2,324,814)</u>
PROGRAMMING DEFICIT	<u>(7,324,563)</u>	<u>10,424</u>	<u>- -</u>	<u>(7,314,159)</u> <u>(6,441,692)</u>
OPERATING SURPLUS (DEFICIT) BEFORE CONTRIBUTIONS	<u>(7,639,563)</u>	<u>3,446,418</u>	<u>(3,090,708)</u>	<u>(7,283,853)</u> <u>(9,942,912)</u>
CONTRIBUTIONS:				
Corporate Fund	2,710,645	- -	- -	2,710,645 2,641,932
Kennedy Center Honors Gala Benefit	1,648,495	- -	- -	1,648,495 1,623,146
General	2,693,666	1,434,473	165,259	4,293,398 4,972,890
Capital Campaign - Working Capital	150,000	- -	- -	150,000 100,000
Total contributions	<u>7,202,806</u>	<u>1,434,473</u>	<u>165,259</u>	<u>8,802,538</u> <u>9,337,968</u>
NET SURPLUS (DEFICIT)	<u>(436,757)</u>	<u>\$ 4,880,891</u>	<u>\$ (2,925,449)</u>	<u>\$ 1,518,685</u> <u>(\$604,944)</u>

The accompanying notes are an integral part of these statements.

THE JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS
 AND THE NATIONAL SYMPHONY ORCHESTRA

STATEMENTS OF CHANGES IN FUND BALANCES (DEFICIT)

FOR THE FISCAL YEARS ENDED OCTOBER 3, 1993, AND SEPTEMBER 27, 1992

	Operating Fund	Restricted and Designated Funds	Fixed Asset Fund	Total All Funds
FUND BALANCES (DEFICIT), September 29, 1991	\$ (2,529,735)	\$38,224,615	\$47,292,291	\$82,987,171
Net surplus (deficit) for the 52 weeks ended September 27, 1992	(220,983)	781,006	(1,164,967)	(604,944)
Appropriation for the acquisition of fixed assets	(1,292,629)	—	1,292,629	—
FUND BALANCES (DEFICIT), September 27, 1992	(4,043,347)	39,005,621	47,419,953	82,382,227
Net surplus (deficit) for the 53 weeks ended October 3, 1993	(436,757)	4,880,891	(2,925,449)	1,518,685
Net appropriation for the acquisition of fixed assets and payment of U.S. Treasury revenue bond	(898,381)	—	898,381	—
FUND BALANCES (DEFICIT), October 3, 1993	<u>\$ 5,378,485</u>	<u>\$43,886,512</u>	<u>\$45,392,885</u>	<u>\$83,900,912</u>

The accompanying notes are an integral part of these statements.

THE JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS
AND THE NATIONAL SYMPHONY ORCHESTRA

STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEARS ENDED OCTOBER 3, 1993, AND SEPTEMBER 27, 1992

	1993			1992		
	Operating Fund	Restricted and Designated Funds	Fixed Asset Fund	Total All Funds	Total All Funds	All Funds
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net surplus (deficit)	<u>(\$436,757)</u>	<u>\$4,880,891</u>	<u>(\$2,925,449)</u>	<u>\$1,518,685</u>	<u>(\$604,944)</u>	<u>(\$604,944)</u>
Adjustments to reconcile net surplus (deficit) to net cash provided by operating activities –						
Depreciation	75,000	–	–	3,110,415	3,110,415	2,899,932
Write-off of investments in productions	–	–	–	75,000	75,000	42,000
Changes in assets and liabilities:						
Decrease (increase) in accounts receivable	86,663	7,602	–	94,265	94,265	(118,599)
Decrease (increase) in prepaid expenses	3,182,224	–	–	3,182,224	3,182,224	(2,264,992)
Increase in gift shop inventory	(71,705)	–	–	(71,705)	(71,705)	(38,493)
Decrease in pledges receivable	370,512	1,234,474	–	1,604,986	1,604,986	1,663,428
Decrease (increase) in interfund balances	631,338	(793,251)	161,913	–	–	–
Increase (decrease) in accounts payable and accrued liabilities	958,742	–	–	958,742	958,742	(1,134,878)
(Decrease) increase in future performance receipts	(1,740,497)	–	–	(1,740,497)	(1,740,497)	1,861,069
(Decrease) increase in deferred grants and contributions	(442,338)	121,627	(177,494)	(498,205)	(498,205)	1,257,091
Increase (decrease) in other deferred revenue	204,168	–	–	204,168	204,168	(439,448)
Increase (decrease) in accrued pension cost	262,933	–	–	262,933	262,933	(155,959)
Total adjustments	<u>3,517,040</u>	<u>570,452</u>	<u>3,094,834</u>	<u>7,182,326</u>	<u>7,182,326</u>	<u>3,571,151</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,080,283</u>	<u>5,451,343</u>	<u>169,385</u>	<u>8,701,011</u>	<u>8,701,011</u>	<u>2,966,207</u>

	1993		1992	
	Operating Fund	Restricted and Designated Funds	Fixed Asset Fund	Total All Funds
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investments in production, net	170,400	(5,601,934)	—	(718,000)
Purchases of marketable securities and other investments, net	—	—	(827,325)	(2,120,553)
Fixed asset purchases	—	—	—	(2,825,375)
Net appropriation for the acquisition of fixed assets and payment of obligation to U.S. Treasury	(998,381)	—	898,381	—
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(727,981)	(5,601,934)	71,056	(6,258,859)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from bank credit facilities	399,068	—	—	399,068
Payments on bank credit facilities	(198,876)	—	—	(198,876)
Payments on obligations under capital leases	—	—	(40,441)	(40,441)
Principal payments on obligation to U.S. Treasury	—	—	(200,000)	(200,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	200,192	—	(240,441)	(40,249)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,552,494	(150,591)	—	2,401,903
CASH AND CASH EQUIVALENTS, beginning of year	9,032,787	624,062	—	9,656,849
CASH AND CASH EQUIVALENTS, end of year	\$11,585,281	\$473,471	—	\$12,058,752
				\$9,656,849

Supplemental Information:
Cash paid for interest

\$78,701

\$44,415

The accompanying notes are an integral part of these statements.

THE JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS
AND THE NATIONAL SYMPHONY ORCHESTRA
NOTES TO FINANCIAL STATEMENTS
AS OF OCTOBER 3, 1993, AND SEPTEMBER 27, 1992

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization Background

The John F. Kennedy Center for the Performing Arts (the "Center") was created by an act of the United States Congress in 1958 (the National Cultural Center Act, amended in 1964 and presently known as The John F. Kennedy Center Act -- the "Act") as an independently administered bureau of the Smithsonian Institution. The Center was created to serve as a presidential memorial and as the national cultural center, and is specifically directed and empowered by the Act to administer the Center's building and to develop and present a broad array of performing arts programs, including theater, music, opera, ballet, dance, and educational and public service activities both in Washington, D.C., and across the country.

The Center is governed by a 45-member Board of Trustees (the "Board"). The Board is composed of 30 general trustees who must be U.S. citizens and are appointed by the President of the United States, 9 trustees designated ex-officio representatives of the Executive Branch, and 6 Congressional representative trustees. Each trustee serves a term of ten years.

On October 1, 1986, the Center entered into an affiliation agreement (the "Agreement") with the National Symphony Orchestra Association of Washington, D.C. (the "Association"). The purpose of the affiliation, among other things, was (1) to achieve greater operating efficiencies, (2) to strengthen fund-raising capabilities, and (3) to add to the artistic lustre and potential of each organization and, thus, improve the Center's and the Association's long-term prospects. Under the terms of the Agreement, the administrative (other than those directly associated with the artistic operations of the National Symphony Orchestra - "NSO"), fundraising, sales, marketing, public affairs, and accounting responsibilities previously performed by the Association are now performed by the Center. The Association maintains its corporate charter and existence.

Under the terms of the Agreement, which superseded all other agreements between the Center and the Association, the Center assumed responsibility for the payment of the liabilities of the Association as of October 1, 1986, as well as all future operating costs of maintaining the NSO as the resident orchestra of the Center. In return, the Association transferred its endowment funds to the trust account of the Center. These endowment funds are segregated and any restrictions on their use continue to be observed. The majority of

the income from the Association's endowment funds, as well as any portion of the principal that may be distributed under the conditions of the relevant trust agreements, can be paid into the Center's Operating Fund at the discretion of the Board to meet its obligations (see accounting policies on investments below).

The accompanying financial statements include the operations of the NSO within the Operating Fund. The Association's endowment funds are combined with the Restricted and Designated Funds of the Center and related investment income, gains and losses are not reflected in the NSO programming deficit. Hereafter, the Center and the Association are collectively referred to as the Center.

Tax-Exempt Status

The Center has been determined by the Internal Revenue Service to be tax exempt under Section 501(c)(3) of the Internal Revenue Code and, further, is not a private foundation under Section 509(a).

Fiscal Year

The fiscal year ends on the Sunday closest to September 30. The Center's fiscal year consists of 52 weeks except, every fifth or sixth year, it includes 53 weeks. Fiscal year 1993 consisted of 53 weeks and 1992 consisted of 52 weeks.

Deferred Show Costs and Revenue

Revenue received and expenses incurred for performances occurring in the succeeding fiscal year are deferred in the accompanying balance sheets, and included in future performance receipts and prepaid expenses, respectively. Revenue and expenses related to the NSO and other series are recognized during the fiscal year in which the majority of the performances occur. Generally, these series begin during the September prior to the fiscal year in which they are recognized. However, losses incurred on shows prior to the end of the fiscal year are recognized when incurred.

Box Office Receipts

Box office receipts reported in the statements of operations represent the total amounts received by the Center for all Center-produced and other programs during the fiscal year. An equal amount is recorded as attractions' share of receipts to represent the amount earned by the production or program. The net revenue or expense earned by Center-produced or sponsored productions is reflected as Kennedy Center net programming deficit and NSO net programming deficit in the accompanying statements of operations. Administrative costs directly incurred by the NSO are included in the NSO programming costs.

Grants and Contributions

Grants and contributions for support of current activities are recorded as revenue. Grants and contributions for support of future activities are deferred until earned. Grants and contributions which are permanently restricted or designated for endowment purposes are recorded in the Restricted and Designated Fund. Grants and contributions for capital additions are recorded in the Fixed Asset Fund. Pledges are recorded as receivables in the year made at their estimated realizable value. The allowance for doubtful pledges was

\$793,588, (\$398,050 in the Operating Fund) and \$177,899 (\$12,274 in the Operating Fund) as of October 3, 1993, and September 27, 1992, respectively.

The Center received grants of \$3,913,226 in 1993 and \$2,644,292 in 1992 from Federal grantor agencies. Major grantors were the U.S. Department of Education, the National Endowment for the Arts, the Commission of Fine Arts, and the National Capital Arts and Cultural Affairs Program.

The Center has recorded approximately \$270,000 in pledges receivable and deferred contributions for an endowment fund which the Center does not control. The funds are managed by Chase Manhattan Bank. The Center receives the income from the fund which is used for general support.

Cash Equivalents

Cash equivalents are defined as temporary investments with original maturities of three months or less.

Gift Shop Inventory

Gift shop inventory sold at the Kennedy Center gift shops, located in the Center's lobbies, is valued at cost (first-in, first-out) which is not in excess of market.

Investments in Productions

Investments in productions are recorded at the lower of cost or estimated net realizable value. Income is recognized once cost is recovered.

IntraCenter Charges

Theater license fees are charged for the use of the Center's facilities, whether the use of the theater is for a Center production or a third party production. A total of \$5,356,179 in 1993 and \$2,924,514 in 1992 of these intraCenter charges are included in theater license fees and Center or NSO programming costs in the accompanying Statements of Operations.

Fixed Assets

Fixed assets, which include the land, building, improvements and equipment, are stated at historical cost, net of accumulated depreciation and amortization.

The Center is constructed on land titled in the name of the United States government. The U.S. National Park Service ("NPS") maintains the Center building and grounds. NPS incurred total costs of \$8,507,919 in 1993 and \$8,325,247 in 1992 for maintenance of the Center, of which the Center's allocable share, reimbursable to NPS, was \$1,465,994 in 1993 and \$1,457,782 in 1992. The reimbursements to NPS are presented separately in the accompanying Statements of Operations.

Investments

Marketable securities and other investments, substantially all of which are restricted, are recorded at market value in the Restricted and Designated Funds. The investments are summarized below. The corpus is substantially restricted; however, income derived from such investments generally may be used in operations.

	1993	1992
Equity securities	\$14,750,173	\$11,195,824
Corporate bonds and commercial paper	8,600,306	10,241,756
U.S. Treasury and U.S. government agency instruments	15,267,831	13,577,917
Money market funds	3,456,460	1,374,354
Israeli bonds	<u>449,650</u>	<u>532,635</u>
	<u><u>\$42,524,420</u></u>	<u><u>\$36,922,486</u></u>

Through 1991, interest on fixed income investments was allocated to the Operating Fund, while dividends, and realized and unrealized gains and losses were retained in the Restricted and Designated Fund. During 1992, the Investment Committee changed its investment strategy to increase investment in equity securities and changed the policy of allocation of earnings on the Restricted and Designated Fund investments. The Investment Committee authorized the utilization of up to 100% of investment income in the Operating Fund for fiscal years 1992 and 1993. This change resulted in \$1,200,000 of additional investment income for the Operating Fund in 1992, and a corresponding decrease in the Restricted and Designated Fund. In 1993, only interest on fixed income investments was allocated to the Operating Fund. Investment income in the Operating Fund also includes earnings on Operating Fund temporary investments.

Investment income, gains and losses, are summarized below.

	1993	1992
Interest and dividends	\$2,018,882	\$2,412,863
Realized net gains on sale of securities	2,104,941	1,128,445
Unrealized net gains on securities held	<u>1,724,253</u>	<u>238,082</u>
Total	<u><u>\$5,848,076</u></u>	<u><u>\$3,779,390</u></u>

Reclassification of Fiscal Year 1992 Balances

Certain fiscal year 1992 balances have been reclassified to conform with the current year presentation.

Recent Accounting Pronouncements

In June 1993, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards Nos. 116 and 117. These pronouncements provide guidance on accounting for pledges and contributions, and on the format of financial statements. The Center has not yet determined the impact of the pronouncements and whether they will be implemented prior to their effective date in fiscal year 1996.

2. FUND ACCOUNTING:

The financial statements are reported in self-balancing fund groups as follows.

- Operating Fund - This Fund is used to account for the regular activities of the Center. The Fund accounts for the activities of the General Fund, the Friends of the Kennedy Center, the Corporate Fund for the Performing Arts (see Note 3), and the working capital portion of the Kennedy Center National Performing Arts Fund.
- Restricted and Designated Funds - The Center receives contributions, gifts, grants and bequests for which the corpus is restricted by the donor or designated by the Center for specific purposes.

Income derived from these restricted funding sources, which is also restricted or designated, is reported in the Restricted and Designated Funds.

These Restricted and Designated Funds are comprised of the endowment portion of the Kennedy Center National Performing Arts Fund, the Association's Endowment Funds (see Note 1), and other donor-restricted or designated resources.

- Fixed Asset Fund - This Fund is used to account for the acquisition and disposal of fixed assets and to allocate the cost of the fixed assets acquired over their estimated useful lives. The assets and corresponding liabilities resulting therefrom have been recorded in this Fund, since the Act vests responsibility for these assets to the Center's Board.

3. CORPORATE FUND FOR THE PERFORMING ARTS:

The Corporate Fund for the Performing Arts, included as a component of the Operating Fund, was established to provide annual corporate support for the ongoing activities of the Center. All amounts contributed are used to present performing arts, education and public service programs, and to encourage the development of new theatrical and musical talents. These resources are committed to projects well in advance of the actual expenditure date, and the deferred contributions represent amounts collected and/or pledged, but not yet expended.

4. FIXED ASSETS:

Fixed assets are depreciated using the straight-line method over the estimated useful life of the asset as summarized below and consist of the following.

	Depreciable Life	October 3, 1993	September 27, 1992
Land	--	\$350,000	\$350,000
Furniture, fixtures and office equipment	5 - 10 years	4,521,899	4,482,508
Theater equipment	5 - 10 years	2,405,258	2,232,944
Building and improvements	5 - 50 years	81,354,407	81,278,309
Computer hardware and software	5 years	4,629,949	4,091,649
Orchestra equipment and music library	10 years	366,469 \$93,627,982	361,269 \$92,796,679
Less - Accumulated depreciation		(43,635,097)	(40,520,704)
Net total		<u>\$49,992,885</u>	<u>\$52,275,975</u>

Capitalized leased equipment is amortized over the shorter of the expected useful life of the related asset or the lease term. The Center did not enter into any capitalized lease obligations during fiscal years 1993 or 1992.

Depreciation expense is recorded as a reduction in the book value of fixed assets in the Fixed Asset Fund.

5. OBLIGATION TO U.S. TREASURY:

The Center is obligated to pay into a sinking fund, established by the U.S. Treasury Department, \$200,000 per year beginning on January 1, 1987, and on each January 1 thereafter through January 1, 2016. These payments and interest earned in the sinking fund will be used to repay the original principal amount of revenue bonds issued on behalf of the Center's Board by the U.S. Treasury Department for construction of the building through 1971. The Secretary of the Treasury holds a security interest in the Center's parking revenues to secure the \$200,000 per year sinking fund payment obligation.

6. CREDIT FACILITIES:

The Center has an agreement with a bank for a standby revolving credit facility which commenced on June 20, 1989, and matures on January 1, 1996. Since July 1, 1991, the agreement has required \$500,000 semiannual reductions in available credit. The credit facility bears interest at the prime rate on the amount outstanding. The amount available at October 3, 1993, was \$2,500,000 (\$3,500,000 at September

27, 1992). The Center has pledged, as collateral for this credit facility, its interest in the Pledged Agency Account, which contains the income from certain of the endowment investments and all proceeds thereof. No borrowings were outstanding under this credit facility as of October 3, 1993, and September 27, 1992.

The Center entered into another agreement on July 1, 1992, with a bank for an \$850,000 revolving credit facility. The balance outstanding on September 27, 1992, was \$391,947. On February 1, 1993, the Center executed its option and converted the then outstanding balance of \$791,061 to a term loan. The term loan bears interest at the prime rate and is payable in fifteen equal consecutive quarterly payments with the final installment due on February 1, 1997. However, during fiscal year 1993, the Center prepaid an additional \$100,000. Accordingly, with scheduled payments due each quarter, the loan will be paid in full on August 1, 1996. The balance outstanding as of October 3, 1993, was \$592,139.

Debt maturities over the next five fiscal years, including the obligation to the U.S Treasury Department, are as follows.

1994	\$397,752
1995	397,752
1996	396,635
1997	200,000
1998	200,000
Thereafter	<u>3,600,000</u>
Total	<u>\$5,192,139</u>

7. CONTINGENCIES AND COMMITMENTS:

A claim has been filed under the Federal Tort Claims Act in the amount of \$10,000,000 in connection with injuries allegedly sustained by a performer in December 1982, who appeared in a Center production. If and to the extent that the Center is liable, management and counsel believe that any claim will be paid under the Federal Tort Claims Act and/or pursuant to insurance coverage with limits adequate to cover the claim as thus far asserted.

The Center has entered into commitments related to conductors, guest artists and other employees regarding payments for service through fiscal year 1994 in the total amount of approximately \$3,644,584.

8. DONATED SERVICES AND MATERIALS:

The estimated value of contributed services provided by the Center volunteers relates to lobby gift shops operations and other activities. Management estimates that 78,153 hours in 1993 and 74,775 hours in 1992 were worked by such volunteers. The estimated value of such services amounted to \$471,849 in 1993 and \$429,956 in 1992 and is reflected in the accompanying Statements of Operations.

The Center receives other donated services and materials in connection with its operations. The fair value of these items has not been reflected in the accompanying financial statements because it is not readily quantifiable.

9. SPECIALLY PRICED TICKETS:

Since its opening in September 1971, the Center has maintained a Specially Priced Ticket Program (the "Program") through which tickets for Center-produced attractions are made available at half-price to students, handicapped persons, senior citizens over the age of 65, low-income groups and certain enlisted military personnel. The attendant costs, in terms of reduced revenue potential and administrative overhead, are borne by the Center and are considered part of its educational/public service responsibility.

The Center also requires that affiliated organizations and independent producers participate in the Program by making a certain percentage of their tickets available for sale at half-price.

During fiscal years 1993 and 1992, the combined number of half-price ticket sales for Center-produced or presented attractions, and those of affiliated organizations and independent producers, totaled 52,966 and 72,399, respectively. If sold at full price, these tickets would have resulted in total additional gross income of \$911,809 and \$1,157,433 respectively, to the Center, its affiliates and independent producers.

10. PENSION PLANS:Center-Administered Plans

The Center has separate noncontributory defined benefit pension plans for the benefit of all NSO musicians and Center salaried administrative employees. The Center follows Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions" ("SFAS No. 87"), for these two plans. The funding policy for the two plans is to contribute annually the actuarially determined contribution. The NSO musicians' plan provides benefits under a years-of-service formula. The Center salaried administrative employees' pension plan provides benefits based on a formula of each participant's final average pay. At October 3, 1993, there were 163 participants in the NSO Musicians' plan and 134 participants in the Center salaried administrative employees' plan.

Net periodic pension cost for 1993 and 1992 includes the following components.

	1993			1992
	NSO Musicians' Plan	Center Employees' Plan	Combined Total	Combined Total
Service cost - Benefits earned during the year	\$159,339	\$201,741	\$361,080	\$349,313
Interest cost on projected benefit obligation	644,994	108,831	753,825	736,883
Actual gain on plan assets	(1,232,271)	(118,185)	(1,350,456)	(519,522)
Net amortization and deferral of other components	778,310	61,988	840,298	95,665
	<u>\$350,372</u>	<u>\$254,375</u>	<u>\$604,747</u>	<u>\$662,339</u>

The funded status is reconciled to accrued pension cost as follows.

	1993			1992
	NSO Musicians' Plan	Center Employees' Plan	Combined Total	Combined Total
Actuarial present value of benefit obligations:				
Vested benefits	\$9,342,685	\$699,574	\$10,042,259	\$8,445,544
Nonvested benefits	309,770	112,922	422,692	421,590
Accumulated benefit obligation	<u>\$9,652,455</u>	<u>\$812,496</u>	<u>\$10,464,951</u>	<u>\$8,867,134</u>
Projected benefit obligation	\$9,652,455	\$1,509,768	\$11,162,223	\$9,499,495
Less: Plan assets at market value	7,315,635	893,876	8,209,511	6,902,143
Projected benefit obligation in excess of plan assets	\$2,336,820	\$615,892	\$2,952,712	\$2,597,352
Unrecognized net transition obligation	-	(178,667)	(178,667)	(189,842)
Unrecognized prior service cost	(1,388,591)	-	(1,388,591)	(1,514,826)
Unrecognized net gain	1,855,717	27,351	1,883,068	2,112,905
Accrued pension cost	<u>\$2,803,946</u>	<u>\$464,576</u>	<u>\$3,268,522</u>	<u>\$3,005,589</u>

Significant assumptions used in determining net periodic pension costs and pension obligations as of October 3, 1993, and September 27, 1992, are summarized below.

	NSO Musicians' Plan <u>1993/1992</u>	Center Employees' Plan <u>1993/1992</u>
Discount rate for obligations	7%/8%	7%/8%
Long-term rate of investment return	8%/8%	8%/8%
Salary increase rate	-/-	5%/6%

Other Plans

Most other Center employees participate in defined benefit pension plans administered by the U.S. Government and employee unions. The Center made contributions to the U.S. Government pension plans of approximately \$61,000 in 1993 and \$93,000 in 1992. Contributions to the union-sponsored plans were approximately \$405,000 in 1993 and \$458,000 in 1992. As of October 3, 1993, there were 26 participants in the U.S. Government pension plans and 137 participants in the employee unions' pension plans.

11. 1991 U.S. GOVERNMENT APPROPRIATION:

On November 5, 1990, the Department of the Interior and Related Agencies Appropriation Act (the "Appropriation Act") became law. The Appropriation Act included several provisions which provide financial support to the Center.

- o A total of \$15,000,000 for repayment of an accumulated operating deficit was appropriated to the Center. The Appropriation Act also applied a 0.524% across-the-board reduction to all appropriations under the Appropriation Act, which reduced the \$15,000,000 to \$14,921,400. The Center received this payment on November 30, 1990. The payment was recognized directly in the Operating Fund's fund balance in fiscal year 1991.
- o A total of \$14,500,000 was appropriated to NPS under which NPS will manage a program to implement major repairs to the Center's building facility. The across-the-board reduction under the Appropriation Act reduced the \$14,500,000 to \$14,424,000. Funding is appropriated as repairs occur. Approximately \$13,430,000 of the appropriation has been used by NPS for repairs through the end of fiscal year 1993. These expenditures were made by NPS with funds appropriated solely to NPS, and they are not reflected in the Center's Statements of Operations or Statements of Changes in Fund Balances (Deficit).

12. AFFILIATED ENTITIES:

The financial statements do not include the assets, liabilities, or results of operations related to two affiliated entities--Kennedy Center Productions, Inc. ("KCPI"), and Kennedy Center Television Productions, Inc. ("KCTV"), both of which have been separately established and operate as not-for-profit corporations under Section 501(c)(3) of the Internal Revenue Code. KCPI provides funds to assist the Center in producing and presenting theatrical productions for which the Center would not otherwise have adequate funding. During 1993 and 1992, KCPI advanced \$125,000 and \$200,000, respectively, to the Center. Advances are recognized as revenue (designated support) if the related investments are deemed unrealizable. In 1993 and 1992, \$100,000 and \$68,151 of such advances were recognized as revenue. KCTV assists the Center by producing and presenting performing arts attractions involving television and other broadcast media. The financial statements of KCPI and KCTV are not material to the Center's financial statements.

**THE JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS
AND THE NATIONAL SYMPHONY ORCHESTRA**

**STATEMENT OF PROGRAMMING - OPERATING FUND
FOR THE FISCAL YEAR ENDED OCTOBER 3, 1993**

KENNEDY CENTER PROGRAMMING	JFK Center		Surplus (Deficit)		Programming Net Surplus (Deficit)
	Share of Receipts	Share of Expenses	Designated Support	Designated Support	
Theater/Drama/Musical					
Marvin's Room	\$ 484,560	\$ (757,051)	\$ (272,491)	\$ —	\$ (272,491)
Aspects of Love	2,064,967	(2,078,062)	(13,095)	—	(13,095)
Secret Garden	3,586,086	(3,118,884)	469,205	—	469,205
Mandy Patinkin	133,204	(131,291)	1,913	—	1,913
Guys and Dolls	4,504,202	(3,995,096)	509,104	75,000	674,104
Okeanna	650,637	(1,047,378)	(396,741)	—	(396,741)
And The World Goes Round	860,011	(868,500)	(8,482)	—	(8,482)
The Phantom of the Opera	12,336,065	(12,063,565)	272,500	—	272,500
The Kentucky Cycle	762,664	(1,043,484)	(581,220)	150,000	(431,220)
Shear Madness	2,851,266	(2,345,967)	505,299	—	505,299
Subscription Contributions	28,323,672	(27,747,680)	575,992	225,000	800,992
			—	123,874	123,874
	28,323,672	(27,747,680)	575,992	348,874	924,866
Ballet/Dance					
National Ballet of Canada	329,251	(501,837)	(172,586)	—	(172,586)
Joffrey Ballet - Nutcracker	1,220,728	(1,135,884)	84,844	—	84,844
American Ballet Theater	461,056	(705,678)	(244,622)	—	(244,622)
Paris Opera Ballet	1,034,526	(1,828,858)	(794,332)	247,914	(546,418)
Dance Theater of Harlem	779,960	(1,032,009)	(252,049)	—	(252,049)
Joffrey Ballet	455,818	(537,957)	(82,339)	35,000	(47,339)
Dance America Series	218,469	(293,703)	(75,234)	67,089	(8,145)
Something New Series	28,967	(128,957)	(100,000)	100,000	—
Musicians' Concert Guarantee	—	(49,290)	(49,290)	—	(49,290)
Washington Ballet Rentals	—	(41,750)	(41,750)	41,750	—
Pew Project	—	(36,771)	(36,771)	36,771	—
Ballet Commissioning	—	(57,526)	(57,526)	57,526	—
Subscription Contributions	4,528,575	(6,350,232)	(1,821,657)	586,052	(1,235,605)
	—	—	—	81,338	81,338
	4,528,575	(6,350,232)	(1,821,657)	667,380	(1,154,267)
Music					
Chamber Music Society of Lincoln Center	58,328	(73,056)	(14,728)	—	(14,728)
Tempest Concerts - Abe Fortas	18,749	(42,646)	(23,897)	23,897	—
Tempest Concerts - Amertach	29,313	(47,791)	(18,478)	18,478	—
Tempest Concerts - Ensembles	61,334	(99,564)	(38,230)	9,000	(29,230)
Tempest Concerts - Family	15,801	(31,806)	(16,205)	6,000	(10,205)
Tempest Concerts - Jazz Series	49,279	(62,510)	(13,231)	—	(13,231)
Tempest Concerts - Piano Recital	12,885	(26,408)	(13,522)	3,000	(10,523)
Nana Mouskouri	50,830	(50,963)	(163)	—	(163)
Theater Chamber Players	773	(19,063)	(16,320)	—	(16,320)
Chicago Sinfonietta	—	(19,535)	(19,535)	—	(19,535)
Young Concert Artists	—	(10,188)	(10,188)	—	(10,188)
Subscription Contributions	297,082	(483,590)	(186,496)	60,375	(126,123)
	—	—	—	9,171	9,171
	297,082	(483,590)	(186,496)	69,546	(116,952)
General					
Honors Production	200,000	(17,500)	182,500	—	182,500
Friedheim Awards	1,569	(38,793)	(37,224)	20,000	(17,224)
France Dances	36,325	(436,911)	(400,566)	403,336	2,750
George Carlin	58,772	(54,038)	4,734	—	4,734
Clancy Brothers	9,900	(27,986)	(16,069)	—	(16,069)
Picke Family Circus	34,188	(115,337)	(81,149)	—	(81,149)
Gallagher	66,781	(55,329)	11,432	—	11,432
Kennedy Center Open House	—	(105,293)	(105,293)	—	(105,293)
Festival of The Americas	—	(127,806)	(127,806)	—	(127,806)
New American Plays	—	(550,000)	(550,000)	300,000	(250,000)
The Kentucky Cycle - Invest. in Production	—	(200,000)	(200,000)	200,000	—
Annie Get Your Gun - Invest. in Production	—	(75,000)	(75,000)	—	(75,000)
Avenue X - Workshop	—	(14,134)	(14,134)	—	(14,134)
Miscellaneous Show Expense	—	(15,512)	(15,512)	—	(15,512)
Subscription Contributions	407,515	(1,833,424)	(1,425,909)	923,336	(502,573)
Educational Programming					
Cultural Diversity	78,572	(308,400)	(232,828)	—	(232,828)
Administration	111	(1,269,829)	(1,269,718)	434,282	(835,436)
Local Programs	560,115	(1,292,518)	(732,401)	405,636	(326,762)
National Programs	411,791	(1,265,335)	(877,544)	851,968	(25,576)
NSO Educational Programs	160,655	(403,370)	(242,715)	280,475	37,760
Subscription Contributions	1,209,244	(4,564,450)	(3,355,206)	1,972,364	(1,382,842)
	34,766,086	(40,979,376)	(6,213,278)	3,981,510	(2,231,768)
TOTAL KENNEDY CENTER PROGRAMMING	\$ 41,386,013	\$ (57,985,721)	\$ (16,569,706)	\$ 8,275,125	\$ (7,324,583)
NATIONAL SYMPHONY ORCHESTRA					
NSO Programming	6,619,915	(16,132,250)	(9,512,344)	5,293,615	(4,218,729)
NSO Administration	—	(874,086)	(874,086)	—	(874,086)
TOTAL NATIONAL SYMPHONY ORCHESTRA	6,619,915	(17,006,345)	(10,386,430)	5,293,615	(5,082,815)
TOTAL PROGRAMMING	\$ 41,386,013	\$ (57,985,721)	\$ (16,569,706)	\$ 8,275,125	\$ (7,324,583)

The accompanying notes are an integral part of this schedule.



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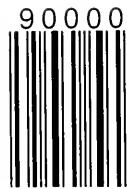


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ISBN 0-16-045989-3



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